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THE TORONTO STOCK EXCHANGE

26/2/70
26/3/70
16/4/70

AMENDING FILING STATEMENT NO. 368
FILED APRIL 20, 1970.

OKALTA OILS, LIMITED

Full corporate name of Company

AMENDING FILING STATEMENT

(To be filed with respect to any change in a Filing Statement filed within a period of six months)

To be read in Conjunction with Filing Statement No. 1716 dated September 11, 1969.

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

(a) Loan by Bayview Oil and Gas Ltd.* ("Bayview") of \$410,000 to Coronado Consultants Ltd. ("Coronado"), which monies have been further loaned by Coronado to Marwood Petroleum Ltd. ("Marwood"). The monies are secured under a debenture by way of a first floating charge on all of the undertaking, property and assets of Marwood. Under the debenture, the monies are to be repaid on or before December 31, 1970, and interest is at the rate of 8 3/4% per annum. The aforesaid debenture, which was entered into by Marwood in favour of Coronado, has been assigned by Coronado in favour of Bayview. Estimates of the crude oil, natural gas and natural gas products reserve, future revenue and present worth value of the interest of Marwood Oils Ltd., which interests have been transferred to Marwood, are contained in the report, dated March 11, 1970, of McDaniel Consultants (1965) Ltd. The aforesaid report contains the estimates of the net share of the proven remaining and probable additional reserves as of January 1, 1970. The estimate of the fair market value of the non-producing properties and interests owned by Marwood is contained in the appraisal report, dated as of March 15, 1970, of James A. Lewis Engineering Co. Ltd. Copies of the aforesaid reports are on file with the Toronto Stock Exchange.

(b) The guarantee by the Company in favour of the Toronto-Dominion Bank (the "Bank") of promissory notes in the total amount of \$377,793.00, which promissory notes are required to be deposited by Marwood, as to \$305,217.00, with the Federal Government as guaranteed by the Bank, in accordance with the requirements of the Canada Oil and Gas Regulations, and as to \$72,576.00, with the Province of Nova Scotia, as guaranteed by the Bank, in accordance with the Petroleum and Natural Gas Act of Nova Scotia. Marwood is the holder or is entitled to be the holder as to an undivided 20% interest in and to certain East Coast Off-Shore permits issued pursuant to the said Canada Oil and Gas Regulations and certain licences granted under the said Petroleum and Natural Gas Act. In the event that the Company is required to honour its guarantee by the payment of either the Federal notes or the Provincial notes, Marwood will assign its interest in the aforesaid permits and licences in favour of the Company.

(c) Reference is made to Item 11 for particulars of the interests acquired by the Company.

* A wholly-owned subsidiary of the company

Note: Marwood Petroleum Ltd. is the Controlling shareholder of the company.

Head office address and any other office address.

The address of the Head Office has been changed to 11th Floor, Guinness House, Calgary 2, Alberta.

3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	Name and Address	Position	Profession	Present Occupation & Occupation for Last Five Years
	Dallas E. Hawkins, II 904 Elizabeth Road S.W., Calgary, Alta.	Director & President	Professional Engineer	President of Coronado Consultants Ltd., Calgary.
	A. Hoadley Mitchell 13814 Ravine Drive, Edmonton 40, Alberta.	Director	Professional Engineer	President of Mitchell & Associates, Ltd. Edmonton.
	Lawton L. Clark P.O. Box 2009 Amarillo, Texas 79105 U.S.A.	Director	Independent Oil Producer	Director & President of Berkley Oil & Gas Ltd., Calgary, Alta.
	Jack Wahl, 1219 Belavista Crescent, S.W. Calgary, Alberta.	Director	Professional Engineer	President, Columbian Northland Exploration Ltd., Calgary
	Brian G. McCombe, 9823 Pallstone Road S.W., Calgary, Alta.	Director & Secretary	Solicitor	Partner, McLaws & Co. Solicitors & Predecessor Company, Calgary.
	Brian S. Ekstrom, C.A. 4704 Marbury Place N.E., Calgary, Alta.	Treasurer	Chartered Accountant	Management Consultant, Calgary.
	Reginald J. Gibbs 721 Riverdale Avenue, Calgary, Alta.	Director	Solicitor	Partner, McLaws & Co. Calgary.
	Robert Norman Granger 354 Inglewood Drive, Toronto, Ont.	Assistant Secretary	Solicitor	Partner, Edison, Aird & Berlis, Toronto, Ontario.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Bank production loan secured on certain properties, \$316,666.38 outstanding as at April 7, 1970. Reference is made to Item 1(b) in relation to the guarantee of the Company.			
	Twenty-five Thousand (\$25,000) Dollar 8 3/4% demand note and One Hundred Sixty-two Thousand Five Hundred (\$162,500) Dollar 6% demand note to CIGOL, unsecured, due April 15, 1970.			
	Twenty-five Thousand (\$25,000) Dollar 8 3/4% demand note and One Hundred Sixty-two Thousand Five Hundred (\$162,500) Dollar 6% demand note to CIGOL, unsecured, due April 15, 1971.			
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The Company plans to develop its presently-owned oil and gas properties, participate in mineral exploration plays, and to extend its participation in exploratory oil and gas plays.			
	Table 1 of the appraisal report, dated as of March 15, 1970, of James A. Lewis Engineering Co. Ltd., which report is appended hereto as Schedule "A", lists the prospective land-holdings or non-producing properties of the Company as at the aforesaid date. The estimates of the crude oil, natural gas and natural gas products reserve, future revenue and present worth value of the interest of the Company are contained in the report, dated March 11, 1970, of McDaniel Consultants (1965) Ltd., which report is appended hereto as Schedule "B". The aforesaid report contains the summaries of the reserves and the summations of production and revenue. (See Schedule "A" and "B" on pages 3 to 6 incl.)			

EVALUATION REPORTS

SCHEDULE "A"

JAMES A. LEWIS ENGINEERING CO. LTD.

Petroleum Reservoir Analysts

736 EIGHTH AVENUE S.W.
CALGARY 2, ALBERTA

March 25, 1970

File: 9596

Okalta Oils Limited
1180 Guinness House
Calgary 2, Alberta

Gentlemen:

In accordance with your request we have estimated the fair market value of the prospective land holdings owned by Okalta Oils Limited. The effective date of this appraisal is March 15, 1970.

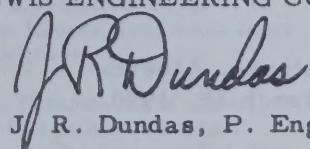
The prospective land holdings are located in Alberta and Saskatchewan, Canada and Mexico. These properties are held by the company under leases, natural gas licenses and claims. A detailed listing of the properties appraised together with the value assigned each acreage block is presented in Table 1. As of March 15, 1970 the company owns a total of 3,538 net acres having a fair market value of \$31,100.

The values assigned the various acreage blocks are based on recent trades effected in the respective areas, known geological features and exploration activity.

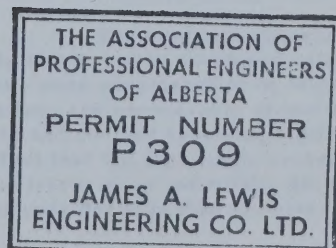
All ownership and other factual data utilized in this analysis have been accepted as represented by Okalta Oils Limited. The opportunity to be of service is appreciated. Should you wish to discuss the report in detail, we would be pleased to do so at your convenience.

Very truly yours,

JAMES A. LEWIS ENGINEERING CO. LTD.


J. R. Dundas, P. Eng.

JRD:jad

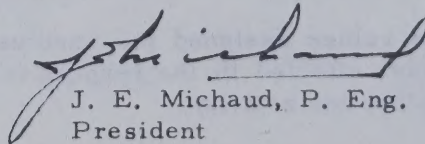


CERTIFICATE OF QUALIFICATION

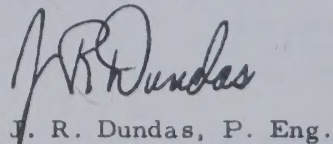
This is to certify that James A. Lewis Engineering Co. Ltd., with offices located at 736 Eighth Avenue S.W., Calgary 2, Alberta, Canada, did prepare an appraisal report on the prospective land holdings owned by Okalta Oils Limited in Canada and Mexico, as of March 15, 1970.

- (a) James A. Lewis Engineering Co. Ltd. is a corporation of consulting petroleum engineers, engaged primarily in the appraisal and supervision of petroleum and natural gas properties.
- (b) J. R. Dundas, Petroleum Engineer, was the person directly responsible for the preparation of this report. Mr. Dundas has in excess of ten years' experience in petroleum engineering and has been associated with James A. Lewis Engineering Co. Ltd. for approximately nine years. Petroleum property evaluation experience of Mr. Dundas extends throughout the United States of America and Canada. He is an engineering graduate from the University of Saskatchewan, Saskatoon, Saskatchewan. Mr. Dundas is a registered member of the Association of Professional Engineers in the Province of Alberta and is a member of the Society of Petroleum Engineers of CIM and AIME.
- (c) James A. Lewis Engineering Co. Ltd. has no interest, directly or indirectly, nor does it expect to receive any interest, directly or indirectly, in any of the properties or securities owned by Okalta Oils Limited.
- (d) The properties studied in this report are located in Alberta and Saskatchewan, Canada and Mexico.

JAMES A. LEWIS ENGINEERING CO. LTD.


J. E. Michaud, P. Eng.
President

I, J. R. Dundas, hereby certify that I have no interest, directly or indirectly, nor do I expect to receive any interest, directly or indirectly, in any of the properties or securities owned by Okalta Oils Limited.


J. R. Dundas, P. Eng.

Calgary, Alberta
March 25, 1970

SCHEDULE "B"

MCDANIEL CONSULTANTS (1965) LTD.

Oil and Gas Reservoir Evaluations

R. R. MCDANIEL, P. ENG.
G. C. KNUTSON, P. ENG.
R. E. HUGHES, P. ENG.
W. C. SETH, P. ENG.
F. SCHORNING, P. GEOL.

800 WESTERN UNION BLDG
640 EIGHTH AVENUE S.W.
CALGARY 2, ALBERTA
TELEPHONE (403) 262-5506

March 11, 1970

Okalta Oils Limited,
1180 Guinness House,
727 - 7th Avenue, S. W.,
Calgary 2, Alberta.

Gentlemen:

Pursuant to your request we have prepared crude oil, natural gas and natural gas products reserve, future revenue and present worth value estimates on the indicated interest of Okalta Oils Limited, hereinafter referred to as the "Company" as of January 1, 1970. The Company's principal crude oil reserves were indicated to be in the Steelman field in southeastern Saskatchewan and the Campbell, Leduc-Woodbend, Normandville and Turner Valley fields in the province of Alberta. The principal natural gas reserves of the Company were indicated to be in the Campbell, Normandville and Princess fields in Alberta.

The Company's net share of proven remaining and probable additional reserves as of January 1, 1970 and the associated present worth values assigned to those reserves employing 6 and 9 percent semi-annual discount rates were estimated to be as follows:

	Estimated Company Net Share of Remaining Reserves as of January 1, 1970 Bbls - Mmcf			Estimated Present Worth Value as of January 1, 1970 - \$ at discount rates of	
	Proven	Probable Additional	Total	6%	9%
Crude Oil	937,000	833,200	1,770,200	860,800	740,100
Natural Gas	7,470	3,380	10,850	391,100	342,100
Total				1,251,900	1,082,200

The Company's net share of proven remaining reserves was forecast to generate a future net revenue of \$1,612,400. This net revenue was estimated to have present worth values of \$1,112,100 and \$961,200 employing 6 and 9 percent semi-annual discount rates respectively. The equivalent present worth values of the probable additional reserves were estimated to be \$138,700 and \$119,800 respectively.

The crude oil reserves estimates were based on a study of the volumetric data and performance characteristics of the individual wells and reservoirs in question. In all instances the crude oil reserves were expressed in barrels being equal to 34,972 Imperial gallons. All of the crude oil reserves were estimated on a remaining basis as of January 1, 1970. The cumulative production figures were taken from records of the Company or from published sources.

The crude oil reserves of the Company were classified entirely into a proven developed category. The proven developed reserves were considered to be those reserves which to a high degree of certainty are recoverable at commercial rates under present depletion methods and current operating conditions, prices and costs. In view of the fact that the Company's proven crude oil producing properties were indicated to be essentially developed, a proven undeveloped category was not considered in this analysis.

The probable additional crude oil reserves were considered to be those reserves commercially recoverable as a result of the more favourable performance of the existing recovery mechanism than that which could be deemed to be proven at this time.

The estimated present worth values of the proven producing properties were obtained by employing future production and revenue analyses. The future crude oil production was predicated on a forecast of allowable rates and/or anticipated performance characteristics of the individual wells and the reservoir in question.

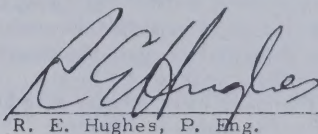
The Company's net share of future production was obtained by employing the Company's indicated interests in the various properties in question less all royalties and interests owned by others. The most recently posted wellhead prices were employed to derive the Company's share of gross future revenues. In all cases allowances were made for the estimated capital expenditures and operating costs in arriving at the Company's share of future net revenues. The present worth values were then obtained by employing 6 and 9 percent semi-annual discount rates. The estimated present worth values for the probable additional reserves were predicated on the per unit values assigned to the proven reserves in the various areas in question with an allowance for the degree of risk and anticipated profitability of producing these additional reserves.

The Company's net share of future production was obtained by employing the Company's indicated interest on the various properties in question less all royalties and interests owned by others.

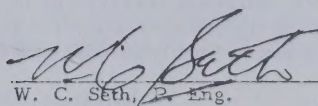
The extent and character of ownership and all other factual data supplied by the Company were accepted as represented.

Sincerely,

McDANIEL CONSULTANTS (1965) LTD.



R. E. Hughes, P. Eng.



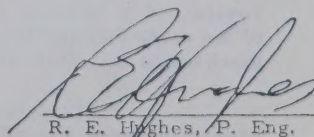
W. C. Seth, P. Eng.

WCS:sm

CERTIFICATE OF QUALIFICATION

I, Ralph Elborne Hughes, Petroleum Engineer of 640 - 8th Avenue, S.W., Calgary 2, Alberta, Canada, hereby certify:

1. That I am a Vice President of McDaniel Consultants (1965) Ltd., which Company did prepare a report dated March 11, 1970 upon certain properties of Okalta Oils Limited and its subsidiaries during the months of January, February and March, 1970 and that I, as Vice President supervised the preparation of said report.
2. That McDaniel Consultants (1965) Ltd., or its officers have no direct or indirect interests in any properties or securities of Okalta Oils Limited and/or its subsidiaries.
3. That I attended the University of Alberta in the years of 1957 to 1963, that I graduated with a Bachelor of Science degree in Petroleum Engineering and a Master of Science degree in Petroleum Engineering from the University of Alberta, that I am a member of the American Institute of Mining and Metallurgy, that I am a registered Professional Engineer in the Provinces of Alberta and Saskatchewan and that I have in excess of six years experience in oil and gas reservoir studies and evaluations of Western Canadian fields.
4. That the aforementioned report is not based on a personal field examination of the properties in question, however, such an examination was not deemed necessary in view of the extent and accuracy of the information available on the areas in question.
5. That the basic well and reservoir data employed in preparing the said report were obtained from the files of Okalta Oils Limited, records on file with the regulatory bodies in the province of Alberta and from our own files.



R. E. Hughes, P. Eng.

Calgary, Alberta.

March 11, 1970

FINANCIAL STATEMENTS

OKALTA OILS, LIMITED
AND SUBSIDIARY COMPANY

BALANCE SHEET

AS AT MARCH 31, 1970

(UNAUDITED)

ASSETS

CURRENT ASSETS	3-31-70	12-31-69
Cash	\$ 102,013	\$ 486,158
Deposit receipts	388,000	-
Accounts receivable	123,536	577,323
Accrued interest receivable	10,329	-
Marketable securities (at cost)	36,974	-
Market Value - \$27,500		
Note receivable	4,000	4,000
Debenture receivable		
Coronado Consultants Ltd.	410,000	-
	<u>1,074,852</u>	<u>1,067,481</u>
SUNDRY INVESTMENTS, at cost	<u>13</u>	<u>1,225</u>
FIXED ASSETS		
PETROLEUM AND NATURAL GAS LEASES AND RIGHTS, including development thereon, at cost, (Note 2)		
Developed properties	4,439,471	4,436,971
Undeveloped properties	19,122	17,052
	<u>4,458,593</u>	<u>4,454,023</u>
Less accumulated depletion	<u>3,611,358</u>	<u>3,598,961</u>
	<u>847,235</u>	<u>855,062</u>
Production equipment, at cost	981,824	981,812
Less accumulated depreciation	<u>872,950</u>	<u>865,130</u>
	<u>108,874</u>	<u>116,682</u>
	<u>956,109</u>	<u>971,744</u>
OTHER ASSETS		
Drilling and other deposits	7,996	7,996
	<u>\$ 2,038,970</u>	<u>\$ 2,048,446</u>

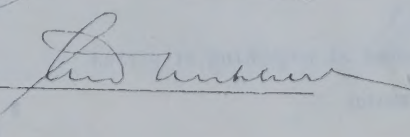
LIABILITIES

CURRENT LIABILITIES	3-31-70	12-31-69
Due to bank	\$ 130,000	\$ 130,000
Accounts payable and accrued liabilities	16,376	40,193
Notes payable	187,500	187,500
	<u>333,876</u>	<u>357,693</u>
DUE TO BANK (Note 3)	<u>186,666</u>	<u>195,864</u>
NOTES PAYABLE	<u>187,500</u>	<u>187,500</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Common shares of no par value.		
Authorized and issued		
7,000,000 shares	3,613,421	3,613,421
CONTRIBUTED SURPLUS	768,152	768,152
	<u>4,381,573</u>	<u>4,381,573</u>
DEFICIT	<u>3,050,645</u>	<u>3,074,184</u>
	<u>1,330,928</u>	<u>1,307,389</u>

DIRECTOR 

DIRECTOR 

\$ 2,038,970 \$ 2,048,446

CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT
FOR THE THREE MONTH PERIOD TO MARCH 31, 1970
(With comparative figures for the year ended December 31, 1969)

	<u>1970</u>	<u>1969</u>
REVENUE		
Sales of oil and gas	\$ 79,104	\$ 530,397
Interest income	14,584	310
Miscellaneous income	-	133
	<u>93,688</u>	<u>530,840</u>
EXPENSES		
Field operating expenses	21,162	181,729
General and administrative expenses	17,635	30,757
Lease rentals on undeveloped properties	373	1,581
Interest	10,552	93,958
	<u>49,722</u>	<u>308,025</u>
Net earnings before the following	<u>43,966</u>	<u>222,815</u>
Depletion	12,397	83,210
Depreciation	7,820	35,903
Loss on disposal of investments	210	-
Gain on disposal of fixed assets	-	(720,105)
	<u>20,427</u>	<u>(600,992)</u>
NET EARNINGS for the period	23,539	823,807
Deficit at beginning of period	3,074,184	3,863,917
Adjustment to prior years' income	-	34,074
DEFICIT AT END OF PERIOD	<u>\$ 3,050,645</u>	<u>\$ 3,074,184</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE THREE MONTH PERIOD TO MARCH 31, 1970
(With comparative figures for the year ended December 31, 1969)

	<u>1970</u>	<u>1969</u>
SOURCE OF FUNDS		
From operations before non-cash charges and credits	\$ 43,966	\$ 222,815
Proceeds on disposal of fixed assets	-	1,406,422
Proceeds on disposal of investments	1,002	-
Replacement of demand note with time note	-	162,500
Issuance of 8 $\frac{3}{4}$ % note	-	25,000
	<u>44,968</u>	<u>1,816,737</u>
APPLICATION OF FUNDS		
Reduction in bank loan	9,198	554,837
Acquisition of properties and equipment	4,582	35,052
Adjustment of prior years' earnings	-	34,074
	<u>13,780</u>	<u>623,963</u>
INCREASE IN WORKING CAPITAL	31,188	1,192,774
Working capital (deficiency) at beginning of period	709,788	(482,986)
WORKING CAPITAL AT END OF PERIOD	<u>\$ 740,976</u>	<u>\$ 709,788</u>

OKALTA OILS, LIMITED
AND SUBSIDIARY COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 1970.

NOTE 1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiary company, Bayview Oil and Gas Limited.

NOTE 2 ACCOUNTING POLICIES

The companies follow the practice of capitalizing the acquisition costs and carrying charges on both producing and non-producing properties and charging the costs to income if the property is subsequently surrendered. The cost of drilling a productive well is capitalized and the cost of a non-productive well is charged to income when the well is determined to be dry. The costs of producing leases and the costs of drilling productive wells are amortized using the unit of production method based upon estimated recoverable quantities of oil and gas as determined by an independent petroleum engineer.

NOTE 3 BANK LOAN

The bank loan is secured by an assignment of a specified percentage of the proceeds from production of certain properties, and a general assignment of book debts.

TO: Toronto Stock Exchange,
234 Bay Street,
Toronto, Ontario.

There have been no material adverse changes in the financial condition of the Company since March 31, 1970, the date of the most recent unaudited financial statements of the Company, to date.

DATED at Toronto this 10th day of April,
1970.

OKALTA OILS, LIMITED

Per: *John E. H. H. H.*

Per: *[Signature]*

10. Brief statement of company's chief development work during past year.

Since the filing of the latest Filing Statement with the Toronto Stock Exchange on January 5, 1970, the Company, as part of its efforts to revitalize and re-activate the Company, has taken the following steps:

(a) The sale, after tender, of four oil properties by the Company, through its wholly-owned subsidiary, Bayview Oil and Gas Ltd. ("Bayview") to Canadian Industrial Gas & Oil Ltd. of Calgary, Alberta, for an aggregate consideration of \$1,405,000. One of the aforesaid properties is located in the area of Ingoldsby, S.E. Saskatchewan. The other three properties are located in the Province of Alberta, two properties being in the area of Pembina and the remaining property being in the area of Red Water.

(b) Reduction of the bank production loan by the application of \$434,000.00 of the proceeds from the sale of the four properties referred to in Paragraph (a) above, with the consequent reduction in interest payments in an amount of approximately \$30,000.00 a year. Reference is made to Item 11.

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.

The Company has also taken the steps as follows:

(a) Taken a 1% working interest, under a participation agreement with Spooner Mines and Oils Limited, the operator thereunder, in a wildcat play at Shunda Lake, near Nordegg, 85 miles N.W. of Calgary. The total cost of the exploration programme is estimated at \$1,300,000. The Company has expended \$13,000.00 to date on such property and is under no further obligation to spend more under the agreement.

(b) Staked a 17,190 acre mineral claim block (in which the Company has a $\frac{1}{2}$ interest, with Marwood having the other $\frac{1}{2}$), near Reindeer Lake, 75 miles N. of the Town of Lac La Ronge, Northern Saskatchewan. The staking costs of approximately \$6,000.00 were shared equally by the Company and Marwood.

(c) Taken a $\frac{1}{2}$ of a 49% interest, with Marwood having the other $\frac{1}{2}$, and Compania Minera Y Metalurgica el Triunfo S.A. taking the remaining 51%, in a 2,500 acre mineralized area near La Paz, Baha, California, Mexico. Approximately \$8,000.00 has been expended to date on exploratory work, the cost being borne by the Company and Marwood equally. At the present time, the Company has no further obligation in respect of this property.

(d) Taken a 25% working interest, under a joint venture agreement with Marwood (25% interest) and Industrial Quartzite Ltd. (50%), the Operator, in a mineral property play near the Town of Morley, Alberta. The Company has to date expended \$2,500.00 for exploratory work and is committed to expend a further \$2,000.00. The exploratory work is only in its initial stages and there is yet no defined programme of development for the property.

15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.

As of March 31st, 1970:

Marwood Petroleum Ltd., 3,297,859
1180 Guinness House,
Calgary, Alberta.

Kains and Company, 257,267
c/o Bank of Montreal,
Corner of Drummond and
St. Catherine,
Montreal, Quebec.

Doherty Roadhouse and McCuaig 203,985
Bros.,
335 Bay Street,
Toronto, Ontario.

Wood Gundy Securities Ltd., 82,410
P.O. Box 274,
Royal Trust Tower,
Toronto 111, Ontario.

Roycan and Company, 77,989
c/o Royal Bank of Canada,
P.O. Box 6007,
Montreal, Quebec.

The beneficial owners of the shares registered in the names of the latter four shareholders are unknown.

16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Marwood Petroleum Ltd., 1180 - Guinness House, Calgary 2, Alberta.		
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	Sundry Investments - <u>April 7, 1970.</u>	Cost or Book Value	Market Value
	Glencoe Club - 2 shares	\$ 1.00	N11
	Alberta Gas Trunk Line - 2 Class "B" shares.	10.00	\$ 80.00
	Joburke Gold Mines Ltd. - 2,000 shares	1.00	N11
	Peace River Petroleums Ltd. - 10,298 shares (escrow)	1.00	N11
	*Giant Reef Petroleum Ltd. - 50,000 shares	36,974.00	22,000.00
	Bayview Oil & Gas Ltd. - 1,000 shares	<u>399.25</u>	<u>N11</u>
		<u>\$37,386.25</u>	<u>\$22,080.00</u>
	* These securities were purchased by the Company through the facilities of the Vancouver Stock Exchange during a period from the middle of January to on or about February 23, 1970.		
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	Reference is made to Item 1(a) as to the loan arrangement. The Marwood debenture is dated March 5, 1970, and the assignment of the debenture from Coronado to Bayview is dated March 6, 1970. Reference is made to Item 1(b) as to the guarantee by the Company, which guarantee was made under an agreement dated April 3, 1970, between Marwood and the Company.		
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	The Company has changed its Registrar and Transfer Agent from Crown Trust Company to the Canada Trust Company. None of the shares of the Company are in the course of primary distribution to the public. There are no other material facts.		

DATED April 10, 1970.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"D.E. HAWKINS" 

CORPORATE
SEAL

"A.H. MITCHELL" 

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

TORONTO STOCK EXCHANGE

23/4/70

AMENDING FILING STATEMENT NO. 369
FILED MAY 19, 1970.

file
OKALTA OILS, LIMITED

Full corporate name of Company

AMENDING FILING STATEMENT

(To be filed with respect to any change in a Filing Statement filed within a period of six months)

To be read in conjunction with Filing Statement No. 1716 dated September 11, 1969
and Amending Filing Statement No. 368 dated April 10, 1970.

<p>1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.</p>	<p>(a) The distribution by Marwood Petroleum Ltd. ("Marwood") a private company incorporated under the laws of the Province of Alberta, prior to the acquisition of all of the issued and outstanding shares of Marwood by the Company as hereinafter referred to, of all of the shares held in the Company by Marwood, being 3,298,459 shares of the Company, by way of the issuance by Marwood of redeemable preference shares (which shares have been created for such purpose) as stock dividends, and the redemption of such shares in specie with the aforesaid shares of the Company held by Marwood. The 3,298,459 shares of the Company were distributed as follows: Dallas E. Hawkins II - 546,885, Coronado Consultants Ltd. (a company controlled by Mr. Hawkins) - 1,095,088, Jack Wahl - 548,204, A. Hoadley Mitchell - 204,175, Lawton L. Clark - 145,792, Brian G. McCombe - 145,792, Edward A. Galvin - 72,896, Edward G. Battle - 72,896, Edward G. McMullan - 145,792, Mustafa Aydin - 29,355, and Canadian Gas & Energy Fund Ltd. - 291,584. Reference is made to Item 11.</p> <p>(b) Proposed consolidation of the 7,000,000 authorized, issued and outstanding shares of the Company, on a 1 for 7 basis, into 1,000,000 issued and outstanding shares, and the increase of the authorized capital by the creation of an additional 4,000,000 shares.</p> <p>(c) Proposed change of the Company's corporate name to OAKWOOD PETROLEUMS LTD.</p> <p>(d) Acquisition of all of the issued and outstanding shares (1,130,750) of Marwood from the aforementioned shareholders of Marwood, in consideration of the issuance and allotment of 791,525 consolidated shares of the Company, on the basis of 7 consolidated shares of the Company for each 10 shares of Marwood. Reference is made to Items 6 and 7 hereinafter.</p>
<p>4. Share capitalization showing authorized and issued and outstanding capital.</p>	<p>Reference is made to Paragraph (b) of Item 1.</p>
<p>5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.</p>	<p>Bank production loan secured on certain properties, \$285,449.92 outstanding as at April 16, 1970. Twenty-five Thousand Dollar (\$25,000) 8 3/4% demand note, and One Hundred and Sixty-two Thousand Five Hundred Dollar (\$162,500) 6% demand note to CIGOL, unsecured, due April 15, 1971.</p>
<p>6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.</p>	<p>See Schedule "A" on page 2.</p>
<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.</p>	<p>Reference is made to Paragraph (d), of Item 1, and to Item 11.</p>
<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>The Company plans to develop its presently-owned oil and gas properties and those of Marwood (which upon shareholder approval of the agreement referred to in Item 6 above, will be a wholly-owned subsidiary), to participate in mineral exploration plays, and to extend its participation in exploratory oil and gas plays directly and through Marwood.</p>

SCHEDULE "A"

Reference is made to Paragraph (d) of Item 1 and to Items 11 and 12. The acquisition was made pursuant to a share purchase agreement dated April 16, 1970, between the Company and the shareholders of Marwood. The agreement is subject to the approval of the shareholders of the Company at the Annual and a Special General Meeting thereof on Friday, **May 29, 1970**. A copy of the Information Circular ("Circular") to be sent to the shareholders of the Company is appended hereto as a Schedule. A copy of the share purchase agreement is attached to the Circular as Exhibit "A". Copies of the financial statements dated as of December 31, 1969 and as of March 31, 1970, of Marwood are appended as Schedule "A" to Exhibit "A". A copy of the financial statements, dated as of December 31, 1969, of Flamingo Oils Limited (N.P.L.) ("Flamingo"), is attached to the Circular as Exhibit "G". A copy of the balance sheet dated as of March 31, 1970, of Flamingo, is attached to the Circular as Exhibit "H". A copy of the audited financial statement as at December 31, 1969, and a copy of the unaudited financial statements as at March 31, 1970, of the Company are attached to the Circular as Exhibits "I" and "J". A copy of the unaudited pro forma combined balance sheet of the Company, as at March 31, 1970, which latter statement gives effect to the aforementioned share purchase agreement, is attached to the Circular as Exhibit "K". The shares of the Company were issued as based on a valuation of 30¢ per share, which amount is close to the current market price, and the shares of Marwood were exchanged therewith on the basis of their net worth. The net worth valuations of Marwood and Flamingo, and of the Company are embodied in the Circular under the heading "Particulars of Matters To Be Acted Upon". Estimates of the crude oil, natural gas and natural gas products reserve, future revenue and present worth value of the interests of Marwood Oils Ltd., which interests have been transferred to Marwood Petroleum Ltd. are contained in a report dated March 11, 1970, of McDaniel Consultants (1965) Ltd., a copy of which report, without Schedules, is attached to the Circular as Exhibit "B". The estimate of the fair market value of the prospective or non-producing properties and interests owned by Marwood is contained in the appraisal report, dated as of March 15, 1970, of James A. Lewis Engineering Co. Ltd., a copy of which report, without Schedules, is attached to the Circular as Exhibit "C". Estimates of the crude oil, natural gas and natural gas products reserve, future revenue and present worth value of the interests of Flamingo are contained in the report, dated March 11, 1970, of McDaniel Consultants (1965) Ltd., a copy of which report, without Schedules, is attached to the Circular as Exhibit "D". The report, dated March 11, 1970, of McDaniel Consultants (1965) Ltd., which estimates the crude oil, natural gas and natural gas products reserve, future revenue and present worth value of the interests of the Company and the appraisal report, dated as of March 15, 1970, of James A. Lewis Engineering Co. Ltd., which report estimates the fair market value of the prospective land holdings or non-producing properties of the Company as at the aforesaid date, are attached to the Circular, without Schedules, as Exhibits "E" and "F", respectively. Copies of the complete reports, with Schedules, annexed, are available for inspection during normal business hours at the Toronto Stock Exchange and the Head Office of the Company: 1180 Guinness House, Calgary, Alberta.

OKALTA OILS, LIMITED

1180 Guinness House
Calgary 2, Alberta

April 30, 1970

TO THE SHAREHOLDERS:

Your Company has entered into an agreement whereby, subject to your approval, it will acquire all of the issued and outstanding shares of Marwood Petroleum Ltd. ("Marwood"). The agreement contemplates and is also conditional upon the consolidation of the shares of your Company on a basis of one new Okalta share for each seven shares presently outstanding. Accordingly, shareholders will be asked at the Annual and Special General Meeting of Shareholders called for May 29, 1970, to approve By-law No. 25 which will both effect the desired consolidation of the Company's present shares and will increase the authorized capital of the Company by the creation of an additional 4,000,000 common shares to rank equally in all respects with the resulting 1,000,000 shares of the Company which will be outstanding after the consolidation has been effected.

The consideration payable under the agreement by your Company for the acquisition of 100% of Marwood's issued shares is 791,525 of the new shares of your Company to be created when By-law No. 25 becomes effective. Details of how this consideration was arrived at are given in the attached Information Circular under the heading "PARTICULARS OF MATTERS TO BE ACTED UPON" to which you are directed.

Marwood is an Alberta Company which owns directly or through its approximately 95% owned subsidiary, Flamingo Oils Limited (N.P.L.), producing and prospective oil and gas properties and which engages in the business of exploring for minerals, oil and natural gas.

The purpose of the transaction is to enlarge the size of your Company and to enhance both companies with the economies expected to result from the combination of overlapping functions, particularly since both companies are presently participating in a number of ventures together. In addition, the transaction will give your Company a substantial interest in an extensive East Coast offshore play in which Marwood has a 20% working interest in approximately 3.2 million acres.

Shareholders will also be asked to approve By-Law No. 26 which is a standard banking by-law in the form required by The Toronto-Dominion Bank.

In addition to the other By-laws referred to herein the Shareholders will also be asked to approve By-law No. 27 which relates to changing the Company's name to Oakwood Petroleums Ltd., or such other name which may be deemed acceptable by the Minister of Consumer and Corporate Affairs.

The Annual and Special General Meeting of Okalta's shareholders will be held in the Lakeview Room of the Calgary Inn on May 29, 1970, at 2:00 p.m. Your attendance and participation at the meeting is cordially invited.

The attached Information Circular describes the proposed transactions in detail and presents additional information with respect both to Marwood and to your Company. You should read the Information Circular with care.

AS A SUBSTANTIAL REPRESENTATION BY SHAREHOLDERS IS SOUGHT, YOUR DIRECTORS URGE YOU TO CONSIDER THE PROPOSALS CAREFULLY AND AFTER SO DOING TO COMPLETE THE ENCLOSED INSTRUMENT OF PROXY AS YOU SEE FIT AND MAIL THE SAME IN THE RETURN ENVELOPE PROVIDED FOR THAT PURPOSE.

Yours sincerely,

"DALLAS E. HAWKINS II"

President

(A)

OKALTA OILS, LIMITED

NOTICE OF THE ANNUAL AND A SPECIAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD MAY 29, 1970

Notice is hereby given that the Annual and a Special General Meeting of the Shareholders of Okalta Oils, Limited will be held at the Lakeview Room, Calgary Inn, 4th Avenue & 3rd Street S.W., in the City of Calgary, Alberta, at the hour of 2:00 p.m., Mountain Standard Time, May 29, 1970, for the following purposes:

1. To approve the Annual Report of the Directors to the Shareholders and the Financial Statements for the year ended December 31, 1969;
2. To elect Directors for the ensuing year;
3. To appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration;
4. To consider and, if deemed advisable, to approve, confirm and adopt (with or without alteration or modification) By-Law No. 25 (a copy of which is enclosed herewith);
5. To consider and, if deemed advisable, to approve, confirm and adopt, (with or without alteration or modification) By-Law No. 26 (a copy of which is enclosed herewith);
6. To consider and, if deemed advisable, to approve, confirm and adopt (with or without alteration or modification) By-Law No. 27 (a copy of which is enclosed herewith);
7. To consider and, if deemed advisable, to approve, confirm and adopt an Agreement (a copy of which is enclosed herewith), entered into between the Company and all of the Shareholders of Marwood Petroleum Ltd. whereby the Company has agreed to purchase all of the issued and outstanding shares of Marwood Petroleum Ltd. for a consideration of 791,525 common shares of the capital stock of the Company as it shall exist after the issuance of Supplementary Letters Patent authorized by By-Law No. 25; and
8. To transact such other business as may properly be brought before the meeting.

DATED at Calgary, Alberta, this 30th day of April, 1970.

By order of the Board of Directors,

BRIAN G. McCOMBE
Secretary

IMPORTANT

It is desirable that as many shares as possible be represented at the meeting. If you do not expect to attend, and would like your shares represented, please complete the enclosed Instrument of Proxy and return it as soon as possible in the envelope provided for that purpose.

(B)

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OKALTA OILS, LIMITED

1180 Guinness House
Calgary 2, Alberta

INFORMATION CIRCULAR

PURPOSE OF SOLICITATION

This Information Circular is furnished in connection with the solicitation of proxies by the management of Okalta Oils, Limited (the "Company") for use at the Annual and a Special General Meeting of the Shareholders of the Company to be held on Friday, the 29th day of May, 1970, at the hour of 2:00 o'clock in the afternoon (Mountain Standard Time), and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone by regular employees of the Company. The cost of any such solicitation will be borne by the Company.

REVOCATION OF PROXIES

A Shareholder who has given a proxy may revoke it as to any matter upon which a vote has not already been cast pursuant to the authority conferred by the proxy by either executing a proxy bearing a later date or by executing a valid notice of revocation and delivering same to the Secretary of the Company. In addition, a proxy may be revoked by the Shareholder personally attending at the meeting and voting his shares.

DESIGNATION OF PERSONS OTHER THAN THOSE SET FORTH IN THE INSTRUMENT OF PROXY

A Shareholder has the right to designate a person other than Messrs. Hawkins and Wahl, the management designees, to attend and act for him at the meeting. Such right may be exercised by inserting in the blank space provided the name of the person to be designated and deleting therefrom the names of the management designees or by completing another proper instrument of proxy and, in either case, delivering the resulting instrument of proxy to the Secretary of the Company prior to any matter upon which a vote has not already been cast pursuant to the authority conferred by the instrument of proxy.

VOTING OF PROXIES

All shares represented at the meeting by properly executed proxies will be voted and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy, the shares represented by the proxy will be voted in accordance with such specification. IN THE ABSENCE OF ANY SUCH SPECIFICATIONS, THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, WILL VOTE IN FAVOUR OF ALL THE MATTERS SET OUT THEREON. THE ENCLOSED INSTRUMENT OF PROXY CONFERS DISCRETIONARY AUTHORITY UPON THE MANAGEMENT DESIGNEES, OR OTHER PERSONS NAMED AS PROXY, WITH RESPECT TO AMENDMENTS TO OR VARIATIONS OF MATTERS IDENTIFIED IN THE NOTICE OF MEETING AND ANY OTHER MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING. AT THE DATE OF THIS INFORMATION CIRCULAR THE COMPANY IS NOT AWARE OF ANY AMENDMENTS TO, VARIATIONS OF OR OTHER MATTERS WHICH MAY COME BEFORE THE MEETING.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The holders of common shares of record at the time of the meeting are entitled to vote such shares at the meeting on the basis of one vote for each share held. All of the Company's 7,000,000 authorized shares are issued and outstanding at the date hereof.

To the knowledge of the Directors and Senior Officers of the Company, the following persons beneficially own, directly or indirectly, equity shares carrying more than ten (10%) percent of the voting rights of the outstanding equity shares of the Company: Dallas E. Hawkins II, the President of the Company, personally owns 547,947 shares of the Company (which represents 7.827% of the issued shares of the Company) and in addition Coronado Consultants Ltd., of which Dallas E. Hawkins II is the majority and controlling shareholder, owns 1,094,989 shares of the Company (which represents 15.642% of the issued shares of the Company). In total, Dallas E. Hawkins II and Coronado Consultants Ltd. own 1,642,936 shares of the Company which represents 23.469% of the issued and outstanding shares of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Apart from routine matters to be laid before the meeting relating to the approval of the Annual Report and the financial statements, the election of Directors and the appointment of auditors, Shareholders' approval will be sought for the agreement between the Company and the Shareholders of Marwood Petroleum Ltd. as well as the confirmation of By-Laws Nos. 25, 26, and 27. Particulars of the latter four matters are as follows:

(a) Marwood Agreement

By an agreement dated April 16, 1970, the Company has agreed, subject to the approval of its shareholders, to purchase from the shareholders of Marwood Petroleum Ltd. ("Marwood") all of the issued and outstanding shares of Marwood for a total consideration of 791,525 common shares in the capital stock of the Company as it shall exist after the issuance of Supplementary Letters Patent pursuant to By-Law No. 25. This agreement (the "Share Purchase Agreement") is reproduced as Exhibit "A" hereto and reference is hereby made thereto for further particulars.

Marwood is a private company incorporated under the laws of the Province of Alberta which carries on the business of exploring for, finding and producing for sale oil, natural gas, related hydrocarbons and also carries out mineral exploration. Marwood has interests in proven crude oil reserves in Alberta and Saskatchewan, proven natural gas reserves in Alberta as well as interests in exploration acreage in Alberta, Saskatchewan, Mexico and offshore acreage off the East Coast of Canada.

Marwood also owns 94.575% of the issued and outstanding shares of Flamingo Oils Limited (N.P.L.) ("Flamingo") a public company incorporated under the laws of the Province of Ontario which also engages in oil, natural gas and mineral exploration and production. Flamingo has interests in proven and probable oil reserves in Alberta.

Reference is made to the reports of McDaniel Consultants (1965) Ltd. and James A. Lewis Engineering Co. Ltd. attached as Exhibits "B", "C" and "D" hereto for further particulars with respect to the oil and natural gas reserves and property interests of Marwood and its subsidiary Flamingo.

The share consideration payable under the Share Purchase Agreement was arrived at through negotiation and a review of the relevant factors affecting both companies.

(i) Net Worth Evaluation

One of the approaches taken in determining what a proper share exchange ratio should be was to compare the net worth of the two companies. In order to determine the relative net worth of both companies independent evaluators were asked to review the properties owned by Marwood, the properties owned by its subsidiary, Flamingo and the properties owned by your Company. The evaluations of the properties, both producing and non-producing, have been reproduced without their respective schedules as Exhibits "B", "C", "D", "E" and "F" hereto. The appraisals with attached schedules have been filed with The Toronto Stock Exchange and in addition copies are available at the Head Office of the Company, 1180 Guinness House, Calgary 2, Alberta, and may be inspected by interested shareholders during normal business hours. On the basis of these appraisals net worth comparisons of your Company and Marwood were prepared as at December 31, 1969 and March 31, 1970 as follows:

Marwood Petroleum Ltd. and its Subsidiary
Flamingo Oils Ltd. (N.P.L.) as at
December 31, 1969

Current assets as per 1969 financial statements	\$	14,442	
Less: Current liabilities as per 1969 financial statements		650,395	
Net Current Liabilities		(635,953)	
Add: Marwood — proven remaining and probable additional reserves as per McDaniel Con- sultants (1965) Ltd's. report based on a 9% discount factor		\$118,000	
Flamingo — proven remaining and probable additional reserves as per McDaniel Con- sultants (1965) Ltd's. report based on a 9% discount factor (95% of \$198,200).....	188,290	306,290	
Add: Marwood — non-proven prospects as per James A. Lewis Engineering Co. Ltd's. appraisal		(329,663)	
		2,000,300	
		1,670,637	
Less: Long term debt as per financial statements		90,000	
NET WORTH			\$1,580,637

Computed on a per share basis:

Net Worth

No. of Shares Issued = Value per Share

On the basis of 1,060,750 shares issued and outstanding

$$= \frac{\$1,580,637}{1,060,750} = \$1.49 \text{ per share}$$

Okalta Oils, Limited as at December 31, 1969

Current assets as per 1969 financial statements	\$1,068,706
Less: Current liabilities as per 1969 financial statements	357,693
	<hr/>
Net Current Assets	711,013
Add: Proven remaining and probable additional reserves as per McDaniel Consultants (1965) Ltd's. report based on 9% discount factor	1,082,200
	<hr/>
	1,793,213
Add: Non-producing prospects as per James A. Lewis Engineering Co. Ltd. appraisal	31,100
	<hr/>
	1,824,313
Less: Long term debt as per financial statements	383,364
	<hr/>
NET WORTH	<u>\$1,440,949</u>

Computed on a per share basis:

Net Worth
_____ = Value per Share

No. of Shares Issued

On the basis of 7,000,000 shares issued and outstanding

$$= \frac{\$1,440,949}{7,000,000} = \$0.21 \text{ per share}$$

On the basis of 1,000,000 shares issued and outstanding

(after consolidation of share capital on a 1 for 7 basis)

$$= \frac{\$1,440,949}{1,000,000} = \$1.44 \text{ per share}$$

Okalta Oils, Limited as at March 31, 1970

Current assets as per unaudited March 31, 1970 financial statements		\$1,074,865
Less: Current Liabilities as per March 31, 1970 unaudited financial statements		333,876
		<hr/>
Net Current Assets		740,989
Add: Proven remaining and probable additional reserves as per McDaniel Consultants (1965) Ltd's. report based on a 9% discount factor	\$1,082,200	
Non-producing prospects as per James A Lewis Engineering Co. Ltd's. appraisal	31,100	1,113,300
		<hr/>
		1,854,289
Less: Long term debt as per unaudited March 31, 1970 financial statements		374,166
		<hr/>
NET WORTH		<u><u>\$1,480,123</u></u>

Computed on a per share basis:

Net Worth
_____ = Value per Share

No. of Shares Issued

On the basis of 7,000,000 shares issued and outstanding

$$= \frac{\$1,480,123}{7,000,000} = \$0.21 \text{ per share}$$

On the basis of 1,000,000 shares issued and outstanding
(after consolidation of share capital on a 1 for 7 basis)

$$= \frac{\$1,480,123}{1,000,000} = \$1.48 \text{ per share}$$

Marwood Petroleum Ltd. and its Subsidiary
Flamingo Oils Ltd. (N.P.L.) as at March 31, 1970

Current assets as per unaudited March 31, 1970
financial statements

— Marwood	\$ 28,844	
— Flamingo — 95% of \$12,186	11,577	\$ 40,421
	<hr/>	
Less: Current Liabilities		
— Marwood	\$ 475,779	
— Flamingo — 95% of \$114,178	108,469	584,248
	<hr/>	<hr/>

Net Current Assets (543,827)

Add: Marwood — proven remaining and probable
additional reserves as per McDaniel Consult-
ants (1965) Ltd's. report based on 9% dis-
count factor \$118,000

Flamingo — proven remaining and probable
additional reserves as per McDaniel Con-
sultants (1965) Ltd's. report based on a
9% discount factor (95% of \$198,200) 188,290 306,290

Marwood — non-proven prospects as per James
A. Lewis Engineering Co. Ltd's. appraisal \$2,000,300 \$2,306,590

1,762,763

Less: Long term debt as per unaudited March 31,
1970 financial statements 90,000

NET WORTH \$1,672,763

Computed on a per share basis:

Net Worth

 = Value per Share

No. of Shares Issued

On the basis of 1,130,750 shares issued and outstanding

$$= \frac{\$1,672,763}{1,130,750} = \$1.48 \text{ per share}$$

(ii) Market Price Evaluation

On the date the Share Purchase Agreement was reached in principle, Okalta's shares closed on The Toronto Stock Exchange at 27 cents per share. Giving effect to the proposed 1 for 7 consolidation of the Company's shares the market valued those shares at \$1.89 per share.

The following is a summary of the high and low market prices, as provided by the Statistics Department of The Toronto Stock Exchange, for Okalta shares on The Toronto Stock Exchange in recent years and months:

Period	High	Low
1965	22¢	10¢
1966	38¢	15¢
1967	21¢	13¢
1968	28½¢	12¢
1969	64¢	25¢
1970 Jan.	41¢	32¢
Feb.	36¢	27¢
Mar.	31¢	22¢
to Apr. 17	30¢	25¢

(iii) Share Exchange Ratio

After taking into account the comparisons set out above, the fact that the Company is a public company the shares of which are traded on The Toronto Stock Exchange, and other factors relative to both companies and their respective assets and liabilities, the parties agreed to base the share exchange on a market price of 30¢ for Okalta shares and a net worth value of approximately \$1.47 per share for Marwood shares. This formula produces a share exchange ratio of 7 new Okalta shares (after consolidation) for 10 Marwood shares and results in the issuance of 791,525 new Okalta shares to acquire all of the outstanding 1,130,750 Marwood shares. The formula and ratio agreed upon contains an implicit discount of approximately 25% in the Company's favour from the result suggested by the net worth comparisons set out above.

For further information with respect to the basis of the share exchange reference is hereby made to Exhibit "A", to Schedule "A" of Exhibit "A" hereto for the financial statements of Marwood as at December 31, 1969 and at March 31, 1970 respectively, to Exhibits "G" and "H" for the financial statements of Flamingo as at December 31, 1969, and at March 31, 1970 respectively and to Exhibits "I" and "J" for the financial statements of the Company as at December 31, 1969 and March 31, 1970 respectively. An unaudited pro-forma combined balance sheet reflecting the effect of the Share Purchase Agreement, if implemented, is annexed hereto as Exhibit "K".

(iv) Flamingo

Marwood, as indicated above, is also the owner of approximately 94.575% of the 1,000,005 outstanding shares of Flamingo. Marwood is presently negotiating to acquire an additional 12,625 shares of Flamingo. Although the price and basic terms of this share acquisition have been agreed to, as of the date hereof a formal share purchase agreement has not been executed. Upon the completion of the purchase of these 12,625 shares, apart from Marwood, there will remain only two other shareholders of Flamingo both of whom Marwood would like to buy out; however, the present identity of one of the shareholders cannot be determined and the other remaining shareholder is an estate, the executor of which has agreed to the sale of the estate's shares to Marwood but due to problems in settling the estate has been unable to effect delivery of the share certificates.

(v) Marwood-Transalta Agreement

Marwood's interest in the East Coast offshore properties hereinbefore referred to was acquired from Transalta Oil & Gas Ltd. Negotiations leading up to this agreement commenced in July, 1969, and continued through the balance of 1969, and into the early part of 1970. At the commencement of the negotiations, neither Marwood nor Transalta, or any of the principals thereof, had any interest, either direct or indirect, in the Company. The agreement eventually reached between the parties is reproduced herein as Exhibit "L".

(vi) **Shareholder Approval**

The acquisition of Marwood is being submitted to shareholders for their approval due to the size of the transaction and the interest of certain Directors of the Company in the transaction. In the event shareholder approval is not obtained at the meeting your management does not intend to proceed with the transaction. In the event shareholder approval is obtained to the Share Purchase Agreement the following Directors of the Company, all of whom are shareholders of Marwood, will thereby increase their respective share interest in the Company as follows:

Director	Number of Shares					Percentage of Shares to be Held
	Now Held	Now Held Giving Effect to Consolidation	To Be Acquired	Total		
Dallas E. Hawkins II (1)	1,641,936	234,562	394,012	628,574		35.07%
Brian G. McCombe (2)	145,853	20,836	35,000	55,836		3.11
Jack Wahl	548,042	78,315	131,513	209,828		11.71
A. Hoadley Mitchell	204,194	29,170	49,000	78,170		4.36
Lawton L. Clark	145,853	20,836	35,000	55,836		3.11
Edward G. McMullan (3)	145,853	20,836	35,000	55,836		3.11
Reginald J. Gibbs	1,000	142,857	—	142,857		.00797

- (1) Mr. Hawkins holds 547,947 directly and may be deemed to beneficially own 1,094,989 shares held by Coronado Consultants Ltd., a company which he controls.
- (2) Mr. McCombe is the beneficial owner of 53,445 shares; the balance of the 145,853 shares indicated above are held by him in trust for certain other persons, none of whom are directors, officers or shareholders of the Company.
- (3) Mr. McMullan, although a nominee, has yet to serve as a Director of the Company.

(b) **By-Law No. 25**

In addition, the management intends to place before the meeting for confirmation by shareholders By-Laws Nos. 25, 26 and 27 were passed by the Directors on April 21, 1970. By-Law No. 25 (reproduced as Exhibit "M" hereto) authorizes the consolidation of the Company's presently issued and outstanding 7,000,000 common shares on a 1 for 7 basis down to 1,000,000 common shares and thereafter authorizes an increase in the Company's capitalization from 1,000,000 common shares to 5,000,000 common shares by the creation of an additional 4,000,000 common shares ranking in all respects on a parity with the 1,000,000 outstanding shares of the Company. Your Directors feel that this capital reorganization will benefit the Company in that unissued common shares will be available in the treasury of the Company for future corporate purposes such as property or corporate acquisitions while at the same time keeping the number of issued and outstanding shares of the Company within reasonable limits.

(c) **By-Law No. 26**

By-Law No. 26 is the standard form banking by-law required by The Toronto-Dominion Bank which authorizes borrowing and pledging in order that normal banking arrangements may be carried on by the Company with said bank.

A copy of By-Law No. 26 is attached as Exhibit "N" hereto and reference is hereby made thereto for further particulars.

(d) **By-Law No. 27**

By-Law No. 27 was enacted by the Directors of the Company on April 28, 1970 in order to effect a change of the Company's name to Oakwood Petroleum Ltd. A copy of By-Law No. 27 is attached as Exhibit "O" hereto and reference is hereby made thereto for further particulars.

(e) **Proxies**

IT IS THE INTENTION OF MANAGEMENT'S DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE APPROVAL OF THE SHARE PURCHASE AGREEMENT AND BY-LAWS NOS. 25, 26, AND 27.

ELECTION OF DIRECTORS

Although By-Law No. 22 authorizes the election of 7 Directors all of whom are elected annually, since December 5, 1969, the affairs of the Company have been managed by only 6 Directors. It is proposed that the following persons, all of whom, apart from Mr. McMullan, are presently Directors of the Company, will be nominated at the Meeting. IT IS THE INTENTION OF THE MANAGEMENT DESIGNEES, IF NAMED AS PROXY, TO VOTE FOR THE ELECTION OF SAID PERSONS TO THE BOARD OF DIRECTORS. The management does not contemplate that any of such nominees will be unable to serve as Directors, however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion. The following information relating to the nominees as Directors is based partly on the Company's records and partly on information received by the Company from said nominees and is given as at April 21, 1970.

Nominee as Director	Principal Occupation for the Past Five Years	Director Since	Shares Beneficially Owned
Dallas E. Hawkins II, President	President of Coronado Consultants Ltd., Petroleum Consultants, Calgary, Alberta	November 12, 1968	1,641,936 (1)
Brian G. McCombe, Secretary	Partner, McLaws & Company & Predecessor Company thereto, Solicitors, Calgary, Alberta	December 5, 1969	53,445
Jack Wahl	President, Columbian Northland Exploration Ltd., Oil Exploration Company, Calgary, Alberta	December 5, 1969	548,042
A. Hoadley Mitchell	President of Mitchell & Associates Ltd., Petroleum Consultants, Edmonton, Alberta	December 5, 1969	204,194
Lawton L. Clark	Former Director & Vice-President of Mesa Petroleum Co., Now President of Berkley Oil & Gas Ltd., Oil & Gas Company, Calgary, Alberta	December 5, 1969	145,853
Reginald J. Gibbs	Partner, McLaws & Company & Predecessor Company thereto, Solicitors, Calgary, Alberta	December 5, 1969	1,000
Edward G. McMullan	President, E. G. McMullan Ltd., Sales Representatives, Calgary, Alberta	(2)	145,853

(1) Includes 1,095,088 shares owned by Coronado of which Mr. Hawkins is the controlling shareholder.

(2) Mr. McMullan has yet to serve as a Director of the Company.

REMUNERATION OF MANAGEMENT AND MANAGEMENT CONTRACTS

Since December 5, 1969 the Company has been managed by Coronado Consultants Ltd. ("Coronado"), 1180 Guinness House, Calgary 2, Alberta, a private company incorporated under the laws of Alberta. In addition, Coronado provides management services for Marwood. Dallas E. Hawkins II, the President of the Company, is the majority shareholder of Coronado.

Under this management arrangement the Company is charged a monthly management fee of \$3,750.00 by Coronado, which amount is in lieu of all salaries, travel allowances, automobile expenses, secretarial staff, management staff, geological and engineering consulting, telephone, office rental, xerox charges, insurance, office equipment and miscellaneous expenses. In addition to providing normal management, secretarial and administrative functions to the Company, Coronado also provides evaluation services for mining and oil and gas prospects and conducts negotiations with respect to property acquisitions and trades. Apart from the aforementioned monthly management fee, the only other administrative charges made to the Company are such matters as legal and audit fees. Prior to December 31, 1969 the Company advanced to Coronado, by way of retainer, \$10,000 to be offset against future management charges by Coronado which sum has now been so utilized.

For the period from January 31, 1969 to December 5, 1969 when management services were provided by Canadian Industrial Gas & Oil Ltd., the Company expended \$8,467.00 in management fees and in addition paid all disbursements in connection therewith.

Other than as set forth above and a modest Director's fee paid to certain Directors based on attendance at meetings, no remuneration was paid by the Company during the last completed financial year nor is any proposed to be paid in the future to its Directors and Senior Officers. The Company does not have any pension or retirement plans. No options, warrants, or rights to purchase securities of the Company were granted or exercised during the 1969 fiscal year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Messrs. Hawkins, 904 Elizabeth Rd. S.W., Calgary, Alberta, McCombe, 9823 Palistone Road S.W., Calgary, Alberta; Wahl, 1219 Belavista Crecent, S.W., Calgary, Alberta; Mitchell, 13814 Ravine Drive, Edmonton, Alberta; Clark, 2223 South Hayden, Amarillo, Texas, 79109, and McMullan, 156 Eagle Ridge Dr. S.W., Calgary, Alberta, all of whom are Directors, Officers or Shareholders of the Company, are shareholders of Marwood holding 562,975; 18,000; 187,875; 70,000; 50,000 and 50,000 shares thereof respectively, and as such may be said to have a direct interest in the agreement with respect to the purchase of shares of Marwood, full particulars of which are set out under the heading "Particulars of Matters to Be Acted Upon".

Reference is also made to the heading "Remuneration of Management and Management Contracts" with respect to the interest of Mr. Dallas E. Hawkins II in Coronado Consultants Ltd., which company renders managerial and administrative services to the Company.

APPOINTMENT OF AUDITORS

The management designees, if named as proxy, intend to vote the shares represented by any such proxy for the re-appointment of Riddell, Stead & Co., Chartered Accountants, as auditors of the Company. Riddell, Stead & Co. have been the auditors of the Company since December 5, 1969.

DATED at Calgary, Alberta, this 30th day of April, 1970.

By Order of the Board

BRIAN G. McCOMBE

Secretary

EXHIBIT "A"

THIS AGREEMENT made as of the 16th day of April, A.D. 1970.

BETWEEN:

MUSTAFA AYDIN, EDWARD G. BATTLE, CANADIAN GAS & ENERGY FUND LTD., LAWTON L. CLARK, CORONADO CONSULTANTS LTD., EDWARD A. GALVIN, DALLAS E. HAWKINS II, BRIAN G. McCOMBE, E. G. McMULLAN, A. HOADLEY MITCHELL, and JACK WAHL, all being Shareholders of Marwood Petroleum Ltd. (hereinafter collectively referred to as "the Vendors")

OF THE FIRST PART

— and —

OKALTA OILS, LIMITED, a body corporate, incorporated under the laws of Canada, having an office at the City of Calgary, Province of Alberta (hereinafter referred to as "the Purchaser")

OF THE SECOND PART

SHARE PURCHASE AGREEMENT

WHEREAS the Vendors are the owners or are entitled to be the owners of One Million, One Hundred and Thirty Thousand, Seven Hundred and Fifty (1,130,750) common, no par value shares of Marwood Petroleum Ltd., (hereinafter referred to as "the Company") (the aforesaid 1,130,750 shares being hereinafter collectively referred to as "the Vendors' shares");

AND WHEREAS the Vendors are desirous of selling and the Purchaser is desirous of purchasing all of the Vendors' shares in accordance with the terms and provisions as hereinafter set forth;

NOW THEREFORE in consideration of the mutual covenants hereinafter set forth, the parties MUTUALLY COVENANT AND AGREE as follows:

Article I

REPRESENTATION

1.01 The Vendors hereby represent and warrant as follows, and hereby acknowledge and confirm that the Purchaser is relying upon such representations and warranties in connection with the purchase by the Purchaser of the Vendors' shares:

- (a) The authorized capital of the Company as of the date hereof, and at the date of closing, as hereinafter defined, consists of and will consist of Five Million (5,000,000) common, no par value shares, and Six Hundred Thousand (600,000) preferred shares, having a par value of One (\$1.00) Dollar per share (581,279.41 of such preferred shares being redeemed).
- (b) All of the Vendors' shares are issued and outstanding as fully paid and non-assessable and that they are now and will be at the time of closing, owned by the Vendors free of all liens, charges and encumbrances whatsoever.
- (c) No person, firm or corporation has or will have at the time of closing any agreement or option or any right capable of becoming an agreement for the purchase of any of the Vendors' shares being purchased or any agreement or option or any right, capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares of the Company or of the Company's subsidiaries.
- (d) None of the remaining authorized treasury shares will be issued nor will any unissued or treasury shares be created now or prior to the time of closing.
- (e) The financial statements of the Company as of March 31, 1970 and as of December 31, 1969 (such statements being hereinafter collectively referred to as "the said balance sheet" and such date being hereinafter referred to as "the financial date"), copies of the said balance sheet are hereunto annexed as Schedule "A" and forming a part hereof correctly set forth the financial position of the Company as of the financial date and the result of the Company's operations for the total of a fifteen month period ended on that date, in particular, without limiting the generality of the foregoing, includes all the liabilities, contingent or otherwise of the Company as of such date.

- (f) The business of the Company has been carried on in the ordinary course of business since the financial date and will be carried on in the ordinary course of business up to the time of closing.
- (g) No dividends or other distributions or any shares in the capital of the Company have been declared, paid or authorized since the financial date or, with the exception of a stock dividend or dividends of preferred shares of the Company, will be declared, paid or authorized after the date hereof, and up to the time of closing.
- (h) No payments will be made or authorized since the financial date or will be made or authorized after the date hereof and prior to time of closing by the Company, to the respective officers, directors, shareholders or employees, except in the ordinary course of business and at the regular rate of salary or other remuneration.
- (i) No bonuses have been paid or authorized since the financial date up to the date hereof by the Company and none will be paid or authorized by the Company after the date hereof and prior to the time of closing to any officer, director, shareholder or employee of the Company.
- (j) The Company is not now nor will be at the time of closing a party to any written employment agreement with any employee, except such employment contracts which may be terminated on one month's notice.
- (k) The Company is not now nor will be at the time of closing a party to any contract of an extraordinary or long term nature other than contracts arising out of mining or oil and gas properties entered into in the ordinary course of business.
- (l) The Company is now and at the time of closing will be in good standing under the laws of the Provinces of Alberta and Saskatchewan and has not received notice of any breach of any contracts to which it is a party.
- (m) There is not now or will there be at the time of closing any arrears or liabilities for taxes (including taxes on income rates, assessments or other charges adversely affecting the financial position of the Company) except as now shown as accruals or reserved for or estimated on the said balance sheet, except taxes, rates, assessments or other charges accruing in the ordinary course of business since the financial date.
- (n) The Company has not since the financial date and will not, up to the time of closing, sell, assign, mortgage, pledge, charge or encumber any of its assets and will punctually pay all claims or debts the non-payment of which would entitle any person to a lien unless disputed in good faith.
- (o) The accounts receivable as shown on the books of the Company or reflected in the said balance sheet, except as have been paid between the financial date and at the time of closing will, at the time of closing be good and collectible.
- (p) All of the returns for income taxes and any excise, manufacturing, sales and use tax which the Company is now or will, at the time of closing, be responsible for the payment and all periods prior to the date hereof having been fully prepared and filed in good faith according to law and all taxes of every kind and description assessable against or payable by the Company have been fully paid or a reasonable provision has been made therefor on the said balance sheet, except taxes, rates or assessments occurring in the ordinary course of business since that date.
- (q) All taxes and other assessments and levies which the Company is required by law to withhold or collect have now been and will at the time of closing be, duly withheld and collected and paid over to the proper governmental authorities or held by the Company for such payment.

1.02 The representations and warranties contained in the foregoing paragraph 1.01 hereof shall survive the closing of the purchase and sale of the Vendors' shares herein provided for and notwithstanding such closing shall continue and remain in full force and effect for the benefit of the Purchaser; PROVIDED HOWEVER that the obligations arising from such representations and warranties as set forth in clause 1.01 shall become void and of no further effect unless prior to May 22, 1971 a law suit is commenced or notice is given to the Vendor that a law suit is to be commenced to enforce the provisions of any of the sub-clauses of Section 2.01 hereof.

Article II

CONDITION PRECEDENTS

2.01 The sale and purchase of the Vendors' shares herein provided for are subject to the following terms and conditions to be fulfilled and/or performed at or prior to the time of closing:

- (a) The Vendors shall cause the Company to make available to the auditors of the Purchaser all books, accounts, records and other financial and accounting data of the Company, including all available audited financial statements for all past fiscal periods, in order to enable such auditors to make an examination of the same.
- (b) The Vendor shall cause the Company to make available to the Purchaser's solicitors all charter documents, minute books and other corporate records, and all documents of title and related records and other data of the Company in order to enable such solicitors to make an examination of same in their entirety.
- (c) No substantial damage resulting from fire or other hazard to the physical assets of the Company shall have occurred prior to the time of closing.
- (d) The Vendors' solicitor shall deliver at the time of closing a legal opinion to the effect that the Company is a valid and subsisting corporation, incorporated under the laws of the Province of Alberta and in good standing in the Provinces of Alberta and Saskatchewan and its shares are validly created, and that the Vendors' shares being sold hereunder are validly issued and outstanding as fully paid and non-assessable.
- (e) The auditors and accountants appointed by the Purchaser to examine the books of accounts and records of the Company shall have rendered a report to the Purchaser stating that the financial condition of the Company is substantially as represented herein and in the said balance sheet and that in their opinion the Company has no material contingent liabilities in amounts beyond that described in the said balance sheet, or otherwise disclosed herein, and that the Company has fully paid and satisfied all taxes due, accruing due, in the opinion of such auditors, or adequate reserves therefor have been set up on the books of the Company prior to the time of closing.
- (f) The financial position of the Company will be at least as good as and the assets and liabilities will not have changed from what is shown on the said balance sheet, except for the changes resulting from operations and transactions in the ordinary course of business.
- (g) The Purchaser will receive a warranty from the Vendors that according to their information and belief, there are no actions, suits, proceedings or claims pending or to the knowledge of the Vendor threatened against or affecting the Company either at law or in equity or before or by any Government authority, board or other agency involving the possibility of any judgment or liability not fully covered by insurance.
- (h) That notice of the transaction contemplated by this agreement has been given to the Toronto Stock Exchange and that such Exchange has accepted such notice for filing.
- (i) That the Shareholders of the Purchaser have agreed to the Purchaser entering into this agreement and have agreed with the Purchaser completing the transaction as set forth herein.
- (j) The Vendors shall deliver to the Purchaser evidence reasonably satisfactory to the Purchaser that the facts with respect to the matters dealt with in each of the sub-paragraphs in clause 1.01 hereof are as set out therein, provided the acceptance of such evidence and the closing of the transaction shall not be a waiver of the representations and warranties contained in the said paragraph 1.01 which shall continue in full force and effect as provided for herein.
- (k) At the time of closing all of the officers and directors of the Company will resign as Officers and Directors of the Company together with such employees of the Company whom the Purchaser may specify and all of such officers, directors and/or employees of the Company shall execute and deliver a release in favour of the Company at or prior to closing, in a form satisfactory to the Purchaser of all debts, claims and demands against the Company, except such debts or claims set forth in the said balance sheet and except claims in respect of current salary or other remuneration not due and payable at the time of closing.
- (l) At the time of closing the Vendors, in conjunction with the Purchaser, shall cause a Meeting of the Directors of the Company to be held at which the present officers and directors of the Company will resign in favour of the nominees of the Purchaser, such nominees to be nominated in writing by the Purchaser on or before closing.

- (m) All necessary corporate actions and proceedings as approved by the Purchaser's solicitor shall be taken to permit the due and valid transfer at or prior to the time of closing from the Vendors to the Purchaser or its nominees of all the shares being delivered at the time of closing, that is to say, the Vendor's shares, the purchase and sale of which is herein provided for.

2.02 In the event that all of the foregoing conditions shall not be fulfilled or same are not waived in writing by the Purchaser at or before the date of closing then the Purchaser may rescind this agreement by notice to the Vendors and in such event the Vendors and the Purchaser shall each be released from all obligations hereunder; PROVIDED that any of such conditions may be waived in whole or in part by the Purchaser without prejudice to its right of rescission in the event of the non-fulfillment of any other condition or conditions, but no waiver shall be binding upon the Purchaser unless it is in writing.

Article III

PAYMENT OF LEGAL FEES

3.01 Each of the parties hereto will pay their own respective costs and expenses with regard to the matters set forth in this agreement.

Article IV

CLOSING

4.01 The sale and purchase of the shares provided for by this agreement shall be closed at the offices of McLaws & Company, 6th Floor, 407 - 8th Avenue S.W., Calgary, Alberta, on the 25th day of May, 1970 at 2:00 p.m., Mountain Standard Time, or such other date as may be agreed upon, the actual date and time when the said sale and purchase are to be closed being herein referred to as "the time of closing" or "date of closing" or "closing date".

Article V

DELIVERY AT CLOSING

5.01 At the time of closing the Purchaser shall deliver or cause to be delivered to the Vendors, in accordance with their respective ratio of shareholdings as set forth in the following Article hereof, Seven Hundred and Ninety-one Thousand, Five Hundred and Twenty-five (791,525) common, no par value voting shares in the capital stock of the Purchaser (herein referred to as "the new Okalta shares"), all of such shares to be validly issued, fully paid and non-assessable and shall be acceptable for trading on The Toronto Stock Exchange and concurrently therewith the Vendors shall deliver to the Purchaser certificates representing all of the Vendors' shares, duly endorsed in blank for transfer, together with the resignations of the officers and directors as herein provided, whereupon the Vendors, in cooperation with the Purchaser shall cause a transfer of the said Vendors' shares, to be duly and regularly registered in the name of the Purchaser and/or its nominee or nominees, and will cause a meeting of the Board of Directors of the Company to be held and take all such proceedings as may be necessary or reasonably requested by the Purchaser for the election or appointment of such persons as directors and officers of the Company as the Purchaser shall nominate and direct.

5.02 The presently authorized and issued shares of the Purchaser are Seven Million (7,000,000) common shares without nominal or par value (herein referred to as "the old shares"). It is contemplated that prior to closing such old shares shall be consolidated on a 7 for 1 ratio so that there will then be issued and outstanding One Million (1,000,000) shares without nominal or par value. Subsequent to such consolidation it is contemplated that there shall be created Four Million (4,000,000) additional shares without nominal or par value thereby resulting in an authorized capitalization of Five Million (5,000,000) shares without nominal or par value of which One Million (1,000,000) shares shall be outstanding. The new Okalta shares referred to above and deliverable on closing shall be the treasury shares of the Purchaser resulting after the aforesaid consolidation and creation of additional shares.

Article VI
ADDITIONAL WARRANTIES

6.01 The Vendors, and each of them, hereby warrant and represent that the present registered shareholders of the Company are as follows:

Mustafa Aydin	10,000
Edward G. Battle	25,000
Canadian Gas & Energy Fund Ltd.	100,000
Lawton L. Clark	50,000
Coronado Consultants Ltd.	375,375
Edward A. Galvin	25,000
Dallas E. Hawkins II	187,125
Brian G. McCombe	50,375
E. G. McMullan	50,000
A. Hoadley Mitchell	70,000
Jack Wahl	187,875
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TOTAL	1,130,750
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Article VII
CANADIAN FUNDS

7.01 All reference to monies in this agreement are references to Canadian funds.

Article VIII
DELIVERY OF ALL OF VENDORS' SHARES

8.01 It is the intention of the Purchaser hereto to purchase all of the shares of the Vendors in and to the Company, together with any rights to acquire any shares in the Company and the Vendors therefore covenant and agree that if they or either of them have any further shares in the Company or rights to acquire any shares in the Company, in addition to those set forth in this present agreement, then such shares in the Company shall be delivered to the Purchaser without the payment of any further consideration payable by the Purchaser.

Article IX
EFFECTIVE DATE

9.01 The effective date of this agreement is April 1, 1970.

Article X
EXECUTION IN COUNTERPART

10.01 This Agreement may be executed in separate counterparts and all of the executed counterparts together shall constitute one agreement.

Article XI
ADDRESS FOR NOTICES

11.01 All notices required or allowed to be given under this agreement shall be made either personally or by mailing same, by registered prepaid mail, addressed as hereinafter set forth, or to such other address as may be designated from time to time, by such party in writing, and any notice mailed as aforesaid shall be deemed to have been received by the addressee thereof on the next business day following the date of mailing to:

The Vendors:	c/o Marwood Petroleum Ltd., 1180 Guinness House, CALGARY 2, Alberta.
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The Purchaser:	Okalta Oils, Limited, 1180 Guinness House, CALGARY 2, Alberta.
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Either party may change its address for service hereunder by giving notice to that effect to the other party in accordance with its address for notice.

Article XII
APPLICABLE LAW

12.01 This agreement shall be interpreted, enforced and governed by the laws of the Province of Alberta and the courts of the Province of Alberta shall have sole jurisdiction in regard to any such interpretation, enforcement or construction of this agreement.

Article XIII
GENERAL

13.01 This agreement shall be binding upon the parties hereto and their respective successors and assigns.

13.02 Whenever the singular or masculine or neuter is used in this agreement same shall be construed as meaning the plural or feminine or body politic or corporate and vice versa where the context or the parties hereto so require.

IN WITNESS WHEREOF the parties hereto have executed these presents as of the day and year first above written.

SIGNED, SEALED AND DELIVERED in the presence of:

"G. V. Kerr"
Witness

"Mustafa Aydin"

"M. F. Jackson"
Witness

"Edward G. Battle"

"Sally McLean"
Witness

"Lawton L. Clark"

"Margaret Hunter"
Witness

"E. A. Galvin"

"G. V. Kerr"
Witness

"Dallas E. Hawkins II"

"Sally McLean"
Witness

"S. Rodger"
Witness

"B. L. O'Neill"
Witness

"P. L. Holden"
Witness

"B. G. McCombe"

"E. G. McMullan"

"A. H. Mitchell"

"Jack Wahl"

CANADIAN GAS & ENERGY FUND LTD.

"G. C. Ferguson"
President

"J. F. Varcoe"
Secretary (SEAL)

CORONADO CONSULTANTS LTD.

"Dallas E. Hawkins II"
President (SEAL)

OKALTA OILS, LIMITED

"Dallas E. Hawkins II"
President

"B. G. McCombe"
Secretary (SEAL)

SCHEDULE "A"
AUDITOR'S REPORT

To the Shareholders
Marwood Petroleum Ltd.

We have examined the consolidated balance sheet of Marwood Petroleum Ltd. and subsidiary company as at December 31, 1969 and the consolidated statements of earnings and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 5, 1970
Calgary, Alberta

RIDDELL, STEAD & CO.
Chartered Accountants.

MARWOOD PETROLEUM LTD.

AND SUBSIDIARY COMPANY

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1969

Assets

CURRENT ASSETS

Cash	\$	553
Due from shareholder		4,411
Other accounts receivable		9,478
		<u>14,442</u>

INVESTMENT IN SHARES OF OKALTA OILS, LIMITED, at cost (Note 2)		581,277
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PETROLEUM AND NATURAL GAS LEASES AND RIGHTS, together with development and equipment thereon, at cost (Note 3)	\$496,086	
Accumulated depletion and depreciation	<u>209,373</u>	286,713

OTHER ASSETS, at cost		4,852
		<u>\$887,284</u>

Liabilities

CURRENT LIABILITIES

Bank loans (Note 4)	\$558,455
Accounts payable	24,472
Due to shareholders	64,784
Income taxes	<u>2,684</u>
	650,395

6% PROMISSORY NOTE, due to shareholder, payable in annual instalments of \$30,000 each	90,000
MINORITY INTEREST	4,896

Shareholders' Equity

CAPITAL STOCK (Note 5)

Authorized 5,000,000 shares of no par value		
Issued 1,060,750 shares	\$155,013	
DEFICIT	<u>13,020</u>	141,993
		<u>\$887,284</u>

Signed on behalf of the Board:

"Dallas E. Hawkins II"
Director

"B. G. McCombe"
Director

The accompanying notes are an integral part of this financial statement.

MARWOOD PETROLEUM LTD.

AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

For the Year Ended December 31, 1969

REVENUE

Sale of oil and gas	\$31,340
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EXPENSES

Engineering	\$ 1,261	
Interest	15,056	
Legal and audit	8,557	
General and administrative	4,078	
Depletion and depreciation	16,827	45,779
Loss before income taxes and minority interest		14,439
Income taxes of subsidiary		1,633
Minority interests' share of subsidiary income		189
LOSS		16,261
Retained earnings at beginning of year		3,241
DEFICIT AT END OF YEAR		\$13,020

The accompanying notes are an integral part of this financial statement.

MARWOOD PETROLEUM LTD.

AND SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1969

SOURCE OF FUNDS

From operations	
Loss	\$ 16,261
Deduct non-cash charge	
Depletion and depreciation	16,827
	566
Issue of capital stock (Note 5)	155,000
Promissory note	90,000
Minority interest	4,896
	250,462

APPLICATION OF FUNDS

Purchase of shares in Okalta Oils, Limited	581,277
Purchase of properties and equipment	273,183
Purchase of other assets	4,852
	859,312

INCREASE IN WORKING CAPITAL DEFICIENCY	608,850
Working capital deficiency at beginning of year	27,103
WORKING CAPITAL DEFICIENCY AT END OF YEAR	\$635,953

The accompanying notes are an integral part of this financial statement.

MARWOOD PETROLEUM LTD.

AND SUBSIDIARY COMPANY

NOTES TO 1969 CONSOLIDATED FINANCIAL STATEMENTS

1. Principles of Consolidation

The consolidated financial statements include the accounts of the company and its subsidiary company, Flamingo Oils Limited (95% owned) from the date of acquisition, July 8, 1969. The excess cost of \$169,535 of the shares of the subsidiary over the underlying book value of its assets has been charged to petroleum and natural gas leases and rights.

2. Affiliate Company

During the year the company acquired 47% of the issued shares of Okalta Oils, Limited. Because of the number of shares involved, their quoted market value at December 31, 1969 of \$1,121,000 is not indicative of the amount that would be realized on sale.

3. Accounting Policy

The company follows the policy of capitalizing the acquisition costs and carrying charges on both producing and non-producing properties and charging the costs to income if the property is subsequently surrendered. The cost of drilling a productive well is capitalized and the cost of a non-productive well is charged to income when the well is determined to be dry. The costs of producing leases and the costs of drilling productive wells are amortized using the unit of production method based upon estimated recoverable quantities of oil and gas as determined by an independent petroleum engineer.

4. Bank Indebtedness

The bank indebtedness is secured by the shares of Okalta Oils, Limited and assignments of book debts, specific properties and production proceeds.

5. Capital Stock

In 1969 the share capital of the company was reorganized by

- (a) consolidating the authorized 20,000 common shares and 10,000 Class A shares into 30,000 common shares.
 - (b) consolidating the issued 1,002 common shares and 1,000 Class A shares into 2,002 common shares.
 - (c) increasing the authorized capital from 30,000 common shares to 5,000,000 common shares without nominal or par value, and
 - (d) subdividing the then issued common shares on a 375-for-one basis.
- The issued capital stock at December 31, 1969 is comprised of:

	<u>Number</u>	<u>Value</u>
Balance, September 26, 1969, after consolidation and subdivision	750,750	\$ 13
Issued for cash	310,000	155,000
Balance, December 31, 1969	<u>1,060,750</u>	<u>\$155,013</u>

SCHEDULE "A"
MARWOOD PETROLEUM LTD.
UNAUDITED BALANCE SHEET AS AT MARCH 31, 1970

Assets	<u>3-31-70</u>	<u>12-31-69</u>
CURRENT ASSETS		
Cash	\$ 24,476	\$ 518
Accounts receivable	4,368	5,119
	28,844	5,637
DUE FROM CORONADO CONSULTANTS LTD.	—	30,811
INVESTMENT IN FLAMINGO OILS LIMITED, as cost	129,569	129,569
INVESTMENT IN OKALTA OILS, LIMITED, at cost	581,277	581,277
PETROLEUM AND NATURAL GAS LEASES AND RIGHTS, together with development and equipment thereon, at cost		
Producing	98,547	98,547
Accumulated amortization, depletion and depreciation	16,319	13,693
	82,228	84,854
Non-producing	36,836	34,764
	119,064	119,618
REFUNDABLE DEPOSITS	2,343	2,343
	\$861,097	\$869,255
Liabilities		
CURRENT LIABILITIES		
Due to banks	\$ —	\$453,155
Accounts payable and accrued liabilities	3,071	8,904
Due to Okalta Oils, Limited	62,708	12,708
Debenture payable — Coronado Consultants Ltd.	410,000	—
	475,779	474,767
NOTE PAYABLE		
Coronado Consultants Ltd.	90,000	120,000
DUE TO FLAMINGO OILS LIMITED	64,785	64,785
DUE TO SHAREHOLDER	64,784	64,784
Shareholders' Equity		
CAPITAL STOCK		
Authorized		
5,000,000 common shares of no par value		
Issued		
1,130,750 shares (December 31, 1969 - 1,060,750)	187,013	155,013
DEFICIT	(21,264)	(10,094)
	165,749	144,919
	\$861,097	\$869,255

Signed on behalf of the Board:

"Dallas E. Hawkins II"
Director

"B. G. McCombe"
Director

MARWOOD PETROLEUM LTD.

UNAUDITED STATEMENT OF EARNINGS AND DEFICIT FOR THE THREE MONTH PERIOD ENDING MARCH 31, 1970 (With comparative figures for the year ended December 31, 1969)

	1970	1969
REVENUE		
Oil and gas sales	\$ 3,058	\$ 8,970
Royalty income	2,430	9,710
	<u>5,488</u>	<u>18,680</u>
EXPENSES		
Engineering and general expenses	—	1,260
Depreciation, depletion and amortization	2,626	10,503
Legal fees	1,106	6,647
Audit and other professional fees	—	1,910
General and administrative expenses	2,578	1,571
Interest expense	10,348	10,124
	<u>16,658</u>	<u>32,015</u>
NET LOSS FOR THE PERIOD	11,170	13,335
Deficit (Retained Earnings) at beginning of period	10,094	(3,241)
DEFICIT AT END OF PERIOD	<u>\$21,264</u>	<u>\$10,094</u>

EXHIBIT "B"

March 11, 1970

Marwood Oils Ltd.,
1180 Guinness House,
727 - 7th Avenue S.W.,
Calgary 2, Alberta.

Gentlemen:

Pursuant to your request we have prepared crude oil, natural gas and natural gas products reserve, future revenue and present worth value estimates on the indicated interests of Marwood Oils Ltd., hereinafter referred to as the "Company" as of January 1, 1970. The Company's principal crude oil reserves were indicated to be in the Dodsland, Midale, West Kingsford and Weyburn fields in the province of Saskatchewan and the Medicine River and Turner Valley fields in the province of Alberta. The principal natural gas and natural gas products reserves of the Company were indicated to be in the Medicine River, Nevis and Sylvan Lake fields in the province of Alberta.

The Company's net share of proven remaining and probable additional reserves as of January 1, 1970 and the associated present worth values assigned to those reserves employing 6 and 9 percent semi-annual discount rates were estimated to be as follows:

	Estimated Company Net Share of Remaining Reserves as of January 1, 1970 Bbls. - Mmcf			Estimated Present Worth Value as of January 1, 1970 - \$ at discount rates of:	
	Proven	Probable Additional	Total	6%	9%
Crude Oil	52,600	95,300	147,900	111,800	93,500
Natural Gas	250	10	260	17,900	15,500
Natural Gas Liquids	900	—	900	700	600
Sulphur	2,200	—	2,200	12,200	8,400
Total				<u>142,600</u>	<u>118,000</u>

The Company's net share of proven remaining reserves was forecast to generate a future net revenue of \$187,560. This net revenue was estimated to have present worth values of \$105,900 and \$87,100 employing 6 and 9 percent semi-annual discount rates respectively. The equivalent present worth values of the probable additional reserves were estimated to be \$36,300 and \$30,300 respectively.

The crude oil reserves estimates were based on a study of the volumetric data and performance characteristics of the individual wells and reservoirs in question. In all instances the crude oil reserves were expressed in barrels being equal to 34,972 Imperial gallons. All of the crude oil reserves were estimated on a remaining basis as of January 1, 1970. The cumulative production figures were taken from records of the Company or from published sources.

The crude oil reserves of the Company were classified entirely into a proven developed category. The proven developed reserves were considered to be those reserves which to a high degree of certainty are recoverable at commercial rates under present depletion methods and current operating conditions, prices and costs. In view of the fact that the Company's proven crude oil producing properties were indicated to be essentially developed, a proven undeveloped category was not considered in this analysis.

The probable additional crude oil reserves were considered to be those reserves commercially recoverable as a result of the more favourable performance of the existing recovery mechanism than that which could be deemed to be proven at this time.

The estimated present worth values of the proven producing properties were obtained by employing future production and revenue analyses. The future crude oil production was predicated on a forecast of allowable rates and/or anticipated performance characteristics of the individual wells and the reservoir in question.

The Company's net share of future production was obtained by employing the Company's indicated interests in the various properties in question less all royalties and interests owned by others. The most recently posted wellhead prices were employed to derive the Company's share of gross future revenues. In all cases allowances were made for the estimated capital expenditures and operating costs in arriving at the Company's share of future net revenues. The present worth values were then obtained by employing 6 and 9 percent semi-annual discount rates. The estimated present worth values for the probable additional reserves were predicated on the per unit values assigned to the proven reserves in the various areas in question with an allowance for the degree of risk and anticipated profitability of producing these additional reserves.

The Company's net share of future production was obtained by employing the Company's indicated interest on the various properties in question less all royalties and interests owned by others.

The extent and character of ownership and all other factual data supplied by the Company were accepted as represented.

Sincerely,

McDANIEL CONSULTANTS (1965) LTD.

"R. E. HUGHES", P.Eng.

"W. C. SETH", P.Eng.

CERTIFICATE OF QUALIFICATION

I, Ralph Elborne Hughes, Petroleum Engineer of 640 - 8th Avenue S.W., Calgary 2, Alberta, Canada, hereby certify:

1. That I am a Vice President of McDaniel Consultants (1965) Ltd. which Company did prepare a report dated March 11, 1970 upon certain properties of Marwood Oils Ltd. and its subsidiaries during the months of January, February and March, 1970 and that I, as Vice President supervised the preparation of said report.
2. That McDaniel Consultants (1965) Ltd., or its officers have no direct or indirect interests in any properties or securities of Marwood Oils Ltd. and/or its subsidiaries.
3. That I attended the University of Alberta in the years of 1957 to 1963, that I graduated with a Bachelor of Science degree in Petroleum Engineering and a Master of Science degree in Petroleum Engineering from the University of Alberta, that I am a member of the American Institute of Mining and Metallurgy, that I am a registered Professional Engineer in the Provinces of Alberta and Saskatchewan and that I have in excess of six years experience in oil and gas reservoir studies and evaluations of Western Canadian fields.

(This page to be inserted to replace Page 24 of Information Circular).

4. That the aforementioned report is not based on a personal field examination of the properties in question, however, such an examination was not deemed necessary in view of the extent and accuracy of the information available on the areas in question.

5. That the basic well and reservoir data employed in preparing the said report were obtained from the files of Marwood Oils Ltd., records on file with the regulatory bodies in the province of Alberta and from our own files.

Calgary, Alberta
March 11, 1970

"R. E. HUGHES", P.Eng.

EXHIBIT "C"

March 25, 1970
File: 9593

Marwood Petroleum Limited
1180 Guinness House
Calgary 2, Alberta

Gentlemen:

In accordance with your request we have estimated the fair market value of the prospective land holdings owned by Marwood Petroleum Limited. The effective date of this report is March 15, 1970.

The properties of the Company are located in Canada and Mexico. This acreage is held by the Company under leases, natural gas licenses, claims, claim blocks and federal exploratory permits. A detailed listing of the Company's prospective land holdings together with the values assigned each acreage block is presented in Table 1. A resume of the appraisal follows:

Area	Gross Acres	Net Acres	Value
East Coast Offshore	3,178,546	635,709	\$1,907,100
Alberta	48,480	1,682	41,600
Saskatchewan	58,990	22,323	9,600
Mexico	2,500	1,275	7,000
Foxe Basin	2,429,088	116,634	35,000
TOTAL	5,717,604	777,623	\$2,000,300

The Company owns 635,709 acres in the Yarmouth and Halifax South areas off the east coast of Canada. These lands are situated in the Scotian Shelf Basin. Mesozoic thickness in the basin is estimated to be 25,000 to 35,000 feet. The Company's acreage lies in an up-dip position where the sediments dip and thicken seaward, providing proper environment for up-dip pinchouts with a substantial section. Quite possibly salt structures could also be present in the area.

The values assigned the various acreage blocks are based on recent trades effected in the respective areas, known geological features, exploration activity and other pertinent factors such as accessibility and marketing conditions.

All interest and factual data used in the preparation of this report have been accepted as represented by Marwood Petroleum Limited. The opportunity to be of service is appreciated and should you require additional information please do not hesitate to call.

Very truly yours,

JAMES A. LEWIS ENGINEERING CO. LTD.

"J. R. Dundas", P.Eng.

CERTIFICATE OF QUALIFICATION

This is to certify that James A. Lewis Engineering Co. Ltd., with offices located at 736 Eighth Avenue S.W., Calgary 2, Alberta, Canada, did prepare an appraisal report on the prospective land holdings owned by Marwood Petroleum Limited in Canada and Mexico, as of March 15, 1970.

- (a) James A. Lewis Engineering Co. Ltd. is a corporation of consulting petroleum engineers, engaged primarily in the appraisal and supervision of petroleum and natural gas properties.
- (b) J. R. Dundas, Petroleum Engineer, was the person directly responsible for the preparation of this report. Mr. Dundas has in excess of ten years' experience in petroleum engineering and has been associated with James A. Lewis Engineering Co. Ltd. for approximately nine years. Petroleum property evaluation experience of Mr. Dundas extends throughout the United States of America and Canada. He is an engineering graduate from the University of Saskatchewan, Saskatoon, Saskatchewan. Mr. Dundas is a registered member of the Association of Professional Engineers in the Province of Alberta and is a member of the Society of Petroleum Engineers of CIM and AIME.
- (c) James A. Lewis Engineering Co. Ltd. has no interest, directly or indirectly, nor does it expect to receive any interest, directly or indirectly, in any of the properties or securities owned by Marwood Petroleum Limited.
- (d) The properties studied in this report are located in Alberta, Saskatchewan and East Coast Offshore, Canada, and Mexico.

JAMES A. LEWIS ENGINEERING CO. LTD.

Calgary, Alberta
March 25, 1970

"J. E. Michaud", P.Eng.
President

I, J. R. Dundas, hereby certify that I have no interest, directly or indirectly, nor do I expect to receive any interest directly or indirectly, in any of the properties or securities owned by Marwood Petroleum Limited.

Calgary, Alberta
March 25, 1970

"J. R. Dundas", P.Eng.

EXHIBIT "D"

March 11, 1970

Flamingo Oils Limited,
1180 Guinness House,
727 - 7th Avenue, S.W.,
Calgary 2, Alberta.

Gentlemen:

Pursuant to your request we have prepared crude oil, natural gas and natural gas products reserve, future revenue and present worth value estimates on the indicated interests of Flamingo Oils Limited, hereinafter referred to as the "Company" as of January 1, 1970. The Company's crude oil reserves were indicated to be in the Leduc-Woodbend and Redwater fields in the province of Alberta.

The Company's net share of proven remaining and probable additional reserves and the associated present worth values were estimated to be as follows:

	Estimated Company Net Share of Remaining Reserves as of January 1, 1970 Bbls - Mmcf			Estimated Present Worth Value as of	
	Proven	Probable Additional	Total	January 1, 1970 — \$ at discount rates of	
				6%	9%
Crude Oil	141,900	-----	141,900	229,700	198,200
Total	141,900	-----	141,900	229,700	198,200

The Company's net share of proven remaining reserves was forecast to generate a future net revenue of \$325,000. This net revenue was estimated to have present worth values of \$229,800 and \$198,200 employing 6 and 9 percent semi-annual discount rates respectively.

The crude oil reserves estimates were based on a study of the volumetric data and performance characteristics of the individual wells and reservoirs in question. In all instances the crude oil reserves were expressed in barrels being equal to 34.972 Imperial gallons. All of the crude oil reserves were estimated on a remaining basis as of January 1, 1970. The cumulative production figures were taken from records of the Company or from published sources.

The crude oil reserves of the Company were classified entirely into a proven developed category. The proven developed reserves were considered to be those reserves which to a high degree of certainty are recoverable at commercial rates under present depletion methods and current operating conditions, prices and costs. In view of the fact that the Company's proven crude oil producing properties were indicated to be essentially developed, a proven undeveloped category was not considered in this analysis.

The estimated present worth values of the proven producing properties were obtained by employing future production and revenue analyses. The future crude oil production was predicated on a forecast of allowable rates and/or anticipated performance characteristics of the individual wells and the reservoir in question.

The Company's net share of future production was obtained by employing the Company's indicated interests in the various properties in question less all royalties and interests owned by others. The most recently posted wellhead prices were employed to derive the Company's share of gross future revenues. In all cases allowances were made for the estimated capital expenditures and operating costs in arriving at the Company's share of future net revenues. The present worth values were then obtained by employing 6 and 9 percent semi-annual discount rates. The estimated present worth values for the probable additional reserves were predicated on the per unit values assigned to the proven reserves in the various areas in question with an allowance for the degree of risk and anticipated profitability of producing these additional reserves.

The Company's net share of future production was obtained by employing the Company's indicated interest on the various properties in question less all royalties and interests owned by others.

The extent and character of ownership and all other factual data supplied by the Company were accepted as represented.

Sincerely,

McDANIEL CONSULTANTS (1965) LTD.

"R. E. Hughes", P.Eng.

"W. C. Seth", P.Eng.

CERTIFICATE OF QUALIFICATION

I, Ralph Elborne Hughes, Petroleum Engineer of 640 - 8th Avenue S.W., Calgary 2, Alberta, Canada, hereby certify:

1. That I am a Vice President of McDaniel Consultants (1965) Ltd., which Company did prepare a report dated March 11, 1970 upon certain properties of Flamingo Oils Limited and its subsidiaries during the months of January, February and March, 1970 and that I, as Vice President supervised the preparation of said report.
2. That McDaniel Consultants (1965) Ltd., or its officers have no direct or indirect interests in any properties or securities of Flamingo Oils Limited and/or its subsidiaries.
3. That I attended the University of Alberta in the years of 1957 to 1963, that I graduated with a Bachelor of Science degree in Petroleum Engineering and a Master of Science degree in Petroleum Engineering from the University of Alberta, that I am a member of the American Institute of Mining and Metallurgy, that I am a registered Professional Engineer in the Provinces of Alberta and Saskatchewan and that I have in excess of six years experience in oil and gas reservoir studies and evaluations of Western Canadian fields.
4. That the aforementioned report is not based on a personal field examination of the properties in question, however, such an examination was not deemed necessary in view of the extent and accuracy of the information available on the areas in question.
5. That the basic well and reservoir data employed in preparing the said report were obtained from the files of Flamingo Oils Limited, records on file with the regulatory bodies in the province of Alberta and from our own files.

Calgary, Alberta.
March 11, 1970

"R. E. HUGHES"
R. E. Hughes, P.Eng.

EXHIBIT "E"

March 11, 1970

Okalta Oils, Limited,
1180 Guinness House,
727 - 7th Avenue S.W.,
Calgary 2, Alberta.

Gentlemen:

Pursuant to your request we have prepared crude oil, natural gas and natural gas products reserve, future revenue and present worth value estimates on the indicated interest of Okalta Oils, Limited, hereinafter referred to as the "Company" as of January 1, 1970. The Company's principal crude oil reserves were indicated to be in the Steelman field in southeastern Saskatchewan and the Campbell, Leduc-Woodbend, Normandville and Turner Valley fields in the province of Alberta. The principal natural gas reserves of the Company were indicated to be in the Campbell, Normandville and Princess fields in Alberta.

The Company's net share of proven remaining and probable additional reserves as of January 1, 1970 and the associated present worth values assigned to those reserves employing 6 and 9 percent semi-annual discount rates were estimated to be as follows:

	Estimated Company Net Share of Remaining Reserves as of January 1, 1970 Bbls - Mmcft			Estimated Present Worth Value as of January 1, 1970 — \$ at discount rates of	
	Proven	Probable Additional	Total	6%	9%
Crude Oil	937,000	833,200	1,770,200	860,800	740,100
Natural Gas	7,470	3,380	10,850	391,100	342,100
Total				<u>1,251,900</u>	<u>1,082,200</u>

The Company's net share of proven remaining reserves was forecast to generate a future net revenue of \$1,612,400. This net revenue was estimated to have present worth values of \$1,112,100 and \$961,200 employing 6 and 9 percent semi-annual discount rates respectively. The equivalent present worth values of the probable additional reserves were estimated to be \$138,700 and \$119,800 respectively.

The crude oil reserves estimates were based on a study of the volumetric data and performance characteristics of the individual wells and reservoirs in question. In all instances the crude oil reserves were expressed in barrels being equal to 34.972 Imperial gallons. All of the crude oil reserves were estimated on a remaining basis as of January 1, 1970. The cumulative production figures were taken from records of the Company or from published sources.

The crude oil reserves of the Company were classified entirely into a proven developed category. The proven developed reserves were considered to be those reserves which to a high degree of certainty are recoverable at commercial rates under present depletion methods and current operating conditions, prices and costs. In view of the fact that the Company's proven crude oil producing properties were indicated to be essentially developed a proven undeveloped category was not considered in this analysis.

The probable additional crude oil reserves were considered to be those reserves commercially recoverable as a result of the more favourable performance of the existing recovery mechanism than that which could be deemed to be proven at this time.

The estimated present worth values of the proven producing properties were obtained by employing future production and revenue analyses. The future crude oil production was predicated on a forecast of allowable rates and/or anticipated performance characteristics of the individual wells and the reservoir in question.

The Company's net share of future production was obtained by employing the Company's indicated interests in the various properties in question less all royalties and interests owned by others. The most recently posted wellhead prices were employed to derive the Company's share of gross future revenues. In all cases allowances were made for the estimated capital expenditures and operating costs in arriving at the Company's share of future net revenues. The present worth values were then obtained by employing 6 and 9 percent semi-annual discount rates. The estimated present worth values for the probable additional reserves were predicated on the per unit values assigned to the proven reserves in the various areas in question with an allowance for the degree of risk and anticipated profitability of producing these additional reserves.

The Company's net share of future production was obtained by employing the Company's indicated interest on the various properties in question less all royalties and interests owned by others.

The extent and character of ownership and all other factual data supplied by the Company were accepted as represented.

Sincerely,

McDANIEL CONSULTANTS (1965) LTD.

"R. E. HUGHES", P.Eng.

"W. C. SETH", P.Eng.

EXHIBIT F

March 25, 1970.
File: 9596

Okalta Oils, Limited
1180 Guinness House
Calgary 2, Alberta

Gentlemen:

In accordance with your request we have estimated the fair market value of the prospective land holdings owned by Okalta Oils, Limited. The effective date of this appraisal is March 15, 1970.

The prospective land holdings are located in Alberta and Saskatchewan, Canada and Mexico. These properties are held by the Company under leases, natural gas licenses and claims. A detailed listing of the properties appraised together with the value assigned each acreage block is presented in Table 1. As of March 15, 1970 the Company owns a total of 3,538 net acres having a fair market value of \$31,100.

The values assigned the various acreage blocks are based on recent trades effected in the respective areas, known geological features and exploration activity.

All ownership and other factual data utilized in this analysis have been accepted as represented by Okalta Oils, Limited. The opportunity to be of service is appreciated. Should you wish to discuss the report in detail, we would be pleased to do so at your convenience.

Very truly yours,

JAMES A. LEWIS ENGINEERING CO. LTD.

"J. R. DUNDAS", P.Eng.

CERTIFICATE OF QUALIFICATION

This is to certify that James A. Lewis Engineering Co. Ltd., with offices located at 736 Eighth Avenue S.W., Calgary 2, Alberta, Canada, did prepare an appraisal report on the prospective land holdings owned by Okalta Oils, Limited in Canada and Mexico, as of March 15, 1970.

- (a) James A. Lewis Engineering Co. Ltd. is a corporation of consulting petroleum engineers, engaged primarily in the appraisal and supervision of petroleum and natural gas properties.
- (b) J. R. Dundas, Petroleum Engineer, was the person directly responsible for the preparation of this report. Mr. Dundas has in excess of ten years' experience in petroleum engineering and has been associated with James A. Lewis Engineering Co. Ltd. for approximately nine years. Petroleum property evaluation experience of Mr. Dundas extends throughout the United States of America and Canada. He is an engineering graduate from the University of Saskatchewan, Saskatoon, Saskatchewan. Mr. Dundas is a registered member of the Association of Professional Engineers in the Province of Alberta and is a member of the Society of Petroleum Engineers of CIM and AIME.
- (c) James A. Lewis Engineering Co. Ltd. has no interest, directly or indirectly, nor does it expect to receive any interest, directly or indirectly, in any of the properties or securities owned by Okalta Oils, Limited.
- (d) The properties studied in this report are located in Alberta and Saskatchewan, Canada and Mexico.

JAMES A. LEWIS ENGINEERING CO. LTD.

Calgary, Alberta
March 25, 1970

"J. E. MICHAUD", P.Eng.
President

I, J. R. Dundas, hereby certify that I have no interest, directly or indirectly, nor do I expect to receive any interest, directly or indirectly, in any of the properties or securities owned by Okalta Oils, Limited.

Calgary, Alberta
March 25, 1970

"J. R. DUNDAS", P.Eng.

EXHIBIT "G"

FLAMINGO OILS LIMITED

UNAUDITED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 1969

FLAMINGO OILS LIMITED

UNAUDITED BALANCE SHEET AS AT DECEMBER 31, 1969

		Assets	
CURRENT ASSETS		12-31-69	9-30-68
Cash		\$ 35	\$ 57
Accounts receivable		4,288	4,145
Due from Coronado Consultants Ltd.		3,600	—
Prepaid expenses		72	—
		<u>7,995</u>	<u>4,202</u>
INVESTMENTS, at cost		<u>—</u>	<u>5,465</u>
DUE FROM PARENT COMPANY			
Marwood Petroleum Ltd.		64,785	—
PRODUCING PETROLEUM AND NATURAL GAS LEASES AND RIGHTS TOGETHER WITH DEVELOPMENT THEREON, at cost		193,239	193,239
Accumulated depreciation, depletion and amortization		189,467	189,356
		<u>3,772</u>	<u>3,883</u>
INCORPORATION EXPENSE		<u>2,509</u>	<u>2,509</u>
		<u>\$ 79,061</u>	<u>\$ 16,059</u>
		Liabilities	
CURRENT LIABILITIES			
Bank loan		\$108,019	\$ 60,196
Accounts payable		141	1,044
Income taxes payable — estimated		2,625	2,319
Dividends payable		752	376
Due to shareholder		6,250	6,250
		<u>117,787</u>	<u>70,185</u>
		Shareholders' Equity	
CAPITAL STOCK			
Authorized			
3,000,000 shares of \$.75 each			
Issued			
1,000,005 shares		750,004	750,004
Discount on shares		737,500	737,500
		<u>12,504</u>	<u>12,504</u>
DEFICIT		<u>(51,230)</u>	<u>(66,630)</u>
Signed on Behalf of the Board:		<u>(38,726)</u>	<u>(54,126)</u>
“Dallas E. Hawkins II” Director		<u>\$ 79,061</u>	<u>\$ 16,059</u>
“B. G. McCombe” Director		<u> </u>	<u> </u>

FLAMINGO OILS LIMITED

UNAUDITED STATEMENT OF EARNINGS AND DEFICIT FOR THE FIFTEEN-MONTH PERIOD ENDING DECEMBER 31, 1969 (With comparative figures for the twelve-month period to Sept. 30, 1968)

	1969	1968
REVENUE		
Oil and gas production — net	\$ 31,072	\$ 23,393
EXPENSES		
Insurance and other	61	230
Engineering and consulting fees	2,023	—
Depreciation	111	118
Legal and audit fees	109	100
Office and general expenses	2,230	—
Interest expense — net	8,563	4,557
	13,097	5,005
Net earnings before taxes	17,975	18,388
Provision for income taxes — estimated	2,575	2,643
NET EARNINGS for the period	15,400	15,745
Deficit at beginning of period	(66,630)	(72,375)
Dividend paid during the year	—	(10,000)
DEFICIT at end of period	\$ 51,230	\$ 66,630

EXHIBIT "H"

FLAMINGO OILS LIMITED

UNAUDITED BALANCE SHEET MARCH 31, 1970

	Assets	
CURRENT ASSETS	3-31-70	12-31-69
Cash	\$ 1,285	\$ 35
Accounts receivable	7,301	4,288
Due from Coronado Consultants Ltd.	3,600	3,600
Prepaid expenses	—	72
	<u>12,186</u>	<u>7,995</u>
DUE FROM PARENT COMPANY		
Marwood Petroleum Ltd.	<u>64,785</u>	<u>64,785</u>
PRODUCING PETROLEUM AND NATURAL GAS LEASES AND RIGHTS TOGETHER WITH DEVELOPMENT THEREON, at cost	193,239	193,239
Accumulated depreciation, depletion and amortization	189,467	189,467
	<u>3,772</u>	<u>3,772</u>
INCORPORATION EXPENSE	2,509	2,509
	<u>\$ 83,252</u>	<u>\$ 79,061</u>
	Liabilities	
CURRENT LIABILITIES		
Bank loan	\$103,253	\$108,019
Accounts payable	69	141
Income taxes payable — estimated	3,854	2,625
Dividends payable	752	752
Due to shareholder	6,250	6,250
	<u>114,178</u>	<u>117,787</u>
	Shareholders' Equity	
CAPITAL STOCK		
Authorized		
3,000,000 shares of \$.75 each		
Issued		
1,000,005 shares	750,004	750,004
Discount on shares	737,500	737,500
	<u>12,504</u>	<u>12,504</u>
DEFICIT	(43,430)	(51,230)
Signed on behalf of the Board:	<u>(30,926)</u>	<u>(38,726)</u>
“Dallas E. Hawkins II” Director	<u>\$ 83,252</u>	<u>\$ 79,061</u>
“B. G. McCombe” Director		

EXHIBIT "I"

OKALTA OILS, LIMITED

1969 CONSOLIDATED FINANCIAL STATEMENTS

AUDITORS' REPORT

To the Shareholders
Okalta Oils, Limited

We have examined the consolidated balance sheet of Okalta Oils, Limited and subsidiary company as at December 31, 1969 and the consolidated statements of earnings and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

March 31, 1970
Calgary, Alberta

RIDDELL, STEAD & CO.
Chartered Accountants

OKALTA OILS, LIMITED

and Subsidiary Company

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1969

	Assets	
	1969	1968
CURRENT ASSETS		
Cash	\$ 486,158	\$ 28,216
Accounts receivable	582,548	51,113
	<u>1,068,706</u>	<u>79,329</u>
FIXED ASSETS, at cost		
Petroleum and natural gas leases and rights (Note 2)		
Developed properties	4,436,971	5,929,302
Undeveloped properties	25,048	10,203
	<u>4,462,019</u>	<u>5,939,505</u>
Accumulated depletion	3,598,961	4,333,189
	<u>863,058</u>	<u>1,606,316</u>
Production equipment	981,812	1,174,527
Accumulated depreciation	865,130	1,030,725
	<u>116,682</u>	<u>143,802</u>
	<u>979,740</u>	<u>1,750,118</u>
	<u>\$2,048,446</u>	<u>\$1,829,447</u>
	Liabilities	
	1969	1968
CURRENT LIABILITIES		
Due to bank (Note 3)	\$ 130,000	\$ 220,000
Accounts payable and accrued liabilities	40,193	50,164
Notes payable	187,500	325,000
	<u>357,693</u>	<u>595,164</u>
LONG TERM DEBT (Note 3)	<u>383,364</u>	<u>750,701</u>
Shareholders' Equity		
CAPITAL STOCK		
Authorized and issued		
7,000,000 common shares of no par value	3,613,421	3,613,421
CONTRIBUTED SURPLUS	768,152	768,152
	<u>4,381,573</u>	<u>4,381,573</u>
DEFICIT	3,074,184	3,897,991
	<u>1,307,389</u>	<u>483,582</u>
Signed on behalf of the Board:		
"Dallas E. Hawkins II"	<u>\$2,048,446</u>	<u>\$1,829,447</u>
Director		
"B. G. McCombe"		
Director		

The accompanying notes are an integral part of this financial statement.

OKALTA OILS, LIMITED

and Subsidiary Company

CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT For the year ended December 31, 1969

	1969	1968
REVENUE		
Sale of oil and gas	\$ 530,840	\$ 543,237
EXPENSES		
Field operating expenses	181,729	197,247
Depletion and depreciation	119,113	125,376
Lease rentals on undeveloped properties	1,581	1,133
General and administrative	30,757	18,858
Interest	93,958	105,745
	427,138	448,359
EARNINGS BEFORE EXTRAORDINARY ITEMS	103,702	94,878
EXTRAORDINARY ITEMS		
Gain on sale of investments	—	16,495
Gain on sale of fixed assets	720,105	4,470
	720,105	20,965
NET EARNINGS	823,807	115,843
DEFICIT AT BEGINNING OF YEAR, as		
previously reported	3,863,917	4,005,842
Adjustment of prior years' revenue resulting from restatement of partners' interests	34,074	7,992
DEFICIT, as restated	3,897,991	4,013,834
DEFICIT AT END OF YEAR	\$3,074,184	\$3,897,991

The accompanying notes are an integral part of this financial statement.

OKALTA OILS, LIMITED

and Subsidiary Company

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1969

	1969	1968
SOURCE OF FUNDS		
From operations		
Earnings before extraordinary items	\$ 103,702	\$ 94,878
Depletion and depreciation	119,113	125,376
	<hr/>	<hr/>
	222,815	220,254
Proceeds of disposal of fixed assets	1,406,422	10,343
Proceeds of disposal of investments	—	16,694
Issuance of notes payable	187,500	—
	<hr/>	<hr/>
	1,816,737	247,291
	<hr/>	<hr/>
APPLICATION OF FUNDS		
Reduction of long term bank loans	554,837	237,005
Purchase of properties and equipment	35,052	28,555
	<hr/>	<hr/>
	589,889	265,560
	<hr/>	<hr/>
Increase (Decrease) in working capital	1,226,848	(18,269)
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	(515,835)	(489,574)
Adjustment of prior years' revenue	—	(7,992)
	<hr/>	<hr/>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	\$ 711,013	\$ (515,835)
	<hr/>	<hr/>

OKALTA OILS, LIMITED

and Subsidiary Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1969

NOTE 1 Principles of Consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiary company, Bayview Oil & Gas Limited (incorporated in 1969).

NOTE 2 Accounting Policies

The companies follow the practice of capitalizing the acquisition costs and carrying charges on both producing and non-producing properties and charging the costs to income if the property is subsequently surrendered. The cost of drilling a productive well is capitalized and the cost of a non-productive well is charged to income when the well is determined to be dry. The costs of producing leases and the costs of drilling productive wells are amortized using the unit of production method based upon estimated recoverable quantities of oil and gas as determined by independent petroleum engineers.

NOTE 3 Long Term Debt

	1969	1968
Bank loan, less current maturities	\$195,864	\$750,701
8¾ % Unsecured note due April, 1971	25,000	—
6% Unsecured note due April, 1971	162,500	—
	<u>\$383,364</u>	<u>\$750,701</u>

Although the bank loan is subject to call on demand, under the agreed terms of repayment it is estimated that an amount of \$130,000 will be repaid within the next year and has been included in current liabilities. The loan is secured by an assignment of accounts receivable, specified properties and production proceeds.

NOTE 4 Income Taxes

For income tax purposes, the companies have claimed drilling, exploration and lease acquisition costs and capital cost allowance in amounts which, in the aggregate, exceed the related depletion and depreciation provisions reflected in its accounts. As a result no income taxes are payable in respect of income reported for the current year and drilling, exploration and lease acquisition costs remain to be carried forward in an amount of approximately \$350,000, (subject to assessment by taxation authorities).

During the year, the companies retroactively adopted the policy of providing for deferred income taxes at such time as taxes otherwise payable are deferred as a result of claiming capital cost allowances in excess of depreciation recorded; no such provision has been required to date. However, management does not believe that it is appropriate to provide for income taxes deferred as a result of claims for drilling, exploration and lease acquisition costs; while the view of management conforms with general practice in the oil and gas industry, it differs from the tax allocation basis of accounting recommended by the Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants under which the income tax provision is based on the income reported in the accounts.

If the tax allocation basis had been followed for all timing differences between taxable income and reported earnings, deferred income tax provisions would have been approximately \$300,000 and \$60,000 for 1969 and 1968 respectively. The accumulated income tax reductions relating to all timing differences in the current and prior years amount to approximately \$350,000 at December 31, 1969.

NOTE 5 Subsequent Events

Subsequent to December 31, 1969, the directors, subject to shareholders' and stock exchange approvals, authorized the company to make an offer to the shareholders of Marwood Petroleum Ltd., under the terms of which the company proposes to acquire all the outstanding shares of Marwood in exchange for 791,525 new shares of the company (after consolidation of the company's capital stock on the basis of one new share for seven old shares).

EXHIBIT "J"

OKALTA OILS, LIMITED

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 1970**

OKALTA OILS, LIMITED

and Subsidiary Company

BALANCE SHEET AS AT MARCH 31 1970

(UNAUDITED)

	Assets	
	3-31-70	12-31-69
CURRENT ASSETS		
Cash	\$ 102,013	\$ 486,158
Deposit receipts	388,000	—
Accounts receivable	123,536	577,323
Accrued interest receivable	10,329	—
Marketable securities (at cost)	36,974	—
Market Value — \$27,500		
Note receivable	4,000	4,000
Debenture receivable		
Coronado Consultants Ltd.	410,000	—
	<u>1,074,852</u>	<u>1,067,481</u>
SUNDRY INVESTMENTS, at cost	13	1,225
	<u>13</u>	<u>1,225</u>
FIXED ASSETS		
PETROLEUM AND NATURAL GAS LEASES		
AND RIGHTS, including development thereon, at cost (Note 2)		
Developed properties	4,439,471	4,436,971
Undeveloped properties	19,122	17,052
	<u>4,458,593</u>	<u>4,454,023</u>
Less accumulated depletion	3,611,358	3,598,961
	<u>847,235</u>	<u>855,062</u>
Production equipment, at cost	981,824	981,812
Less accumulated depreciation	872,950	865,130
	<u>108,874</u>	<u>116,682</u>
	<u>956,109</u>	<u>971,744</u>
OTHER ASSETS		
Drilling and other deposits	7,996	7,996
	<u>\$2,038,970</u>	<u>\$2,048,446</u>

	Liabilities	
	3-31-70	12-31-69
CURRENT LIABILITIES		
Due to bank	\$ 130,000	\$ 130,000
Accounts payable and accrued liabilities	16,376	40,193
Notes payable	187,500	187,500
	<u>333,876</u>	<u>357,693</u>
DUE TO BANK (Note 3)	186,666	195,864
NOTES PAYABLE	<u>187,500</u>	<u>187,500</u>

	Shareholders' Equity	
CAPITAL STOCK		
Common shares of no par value.		
Authorized and issued		
7,000,000 shares	3,613,421	3,613,421
CONTRIBUTED SURPLUS	<u>768,152</u>	<u>768,152</u>
	4,381,573	4,381,573
DEFICIT	<u>3,050,645</u>	<u>3,074,184</u>
	<u>1,330,928</u>	<u>1,307,389</u>

Signed on behalf of the Board:

"Dallas E. Hawkins II"
Director

"A. H. Mitchell"
Director

\$2,038,970	\$2,048,446
<u><u> </u></u>	<u><u> </u></u>

OKALTA OILS, LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS AND DEFICIT

FOR THE THREE-MONTH PERIOD TO MARCH 31, 1970

(With comparative figures for the year ended December 31, 1969)

	1970	1969
REVENUE		
Sales of oil and gas	\$ 79,104	\$ 530,397
Interest income	14,584	310
Miscellaneous income	—	133
	<u>93,688</u>	<u>530,840</u>
EXPENSES		
Field operating expenses	21,162	181,729
General and administrative expenses	17,635	30,757
Lease rentals on undeveloped properties	373	1,581
Interest	10,552	93,958
	<u>49,722</u>	<u>308,025</u>
Net earnings before the following	43,966	222,815
Depletion	12,397	83,210
Depreciation	7,820	35,903
Loss on disposal of investments	210	—
Gain on disposal of fixed assets	—	(720,105)
	<u>20,427</u>	<u>(600,992)</u>
NET EARNINGS for the period	23,539	823,807
Deficit at beginning of period	(3,074,184)	(3,863,917)
Adjustment to prior years' income	—	(34,074)
DEFICIT AT END OF PERIOD	<u>\$3,050,645</u>	<u>\$3,074,184</u>

OKALTA OILS, LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE THREE-MONTH PERIOD TO MARCH 31, 1970

(With comparative figures for the year ended December 31, 1969)

	1970	1969
SOURCE OF FUNDS		
From operations before non-cash charges and credits	\$ 43,966	\$ 222,815
Proceeds on disposal of fixed assets	—	1,406,422
Proceeds on disposal of investments	1,002	—
Replacement of demand note with time note	—	162,500
Issuance of 8¾ % note	—	25,000
	<u>44,968</u>	<u>1,816,737</u>
APPLICATION OF FUNDS		
Reduction in bank loan	9,198	554,837
Acquisition of properties and equipment	4,582	35,052
Adjustment of prior years' earnings	—	34,074
	<u>13,780</u>	<u>623,963</u>
INCREASE IN WORKING CAPITAL	31,188	1,192,774
Working capital (deficiency) at beginning of period	709,788	(482,986)
WORKING CAPITAL AT END OF PERIOD	<u>\$740,976</u>	<u>\$ 709,788</u>

OKALTA OILS, LIMITED

and Subsidiary Company

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 1970

NOTE 1 Principles of Consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiary company, Bayview Oil and Gas Limited.

NOTE 2 Accounting policies

The companies follow the practice of capitalizing the acquisition costs and carrying charges on both producing and non-producing properties and charging the costs to income if the property is subsequently surrendered. The cost of drilling a productive well is capitalized and the cost of a non-productive well is charged to income when the well is determined to be dry. The costs of producing leases and the costs of drilling productive wells are amortized using the unit of production method based upon estimated recoverable quantities of oil and gas as determined by an independent petroleum engineer.

NOTE 3 Bank Loan

The bank loan is secured by an assignment of a specified percentage of the proceeds from production of certain properties, and a general assignment of book debts.

EXHIBIT "K"

OKALTA OILS, LIMITED AND SUBSIDIARY COMPANY AND MARWOOD PETROLEUM LTD. AND SUBSIDIARY COMPANY

PRO-FORMA COMBINED BALANCE SHEET AS AT MARCH 31, 1970 (Unaudited)

The following pro-forma balance sheet combines the separate consolidated balance sheets of Okalta Oils, Limited and subsidiary company and Marwood Petroleum Ltd. and subsidiary company as at March 31, 1970 giving effect to the proposed acquisition by Okalta, of all the outstanding common shares of Marwood Petroleum Ltd. for 791,525 "new" common shares of Okalta (after consolidation of Okalta's "old" common shares on a one-for-seven basis.

Assets	Okalta Oils, Limited and Subsidiary Company	Marwood Petroleum Ltd. and Subsidiary Company	Pro-forma Adjustments Note B	Pro-forma Combined Balance Sheet
CURRENT ASSETS				
Cash	\$ 490,013	\$ 25,761		\$ 515,774
Other	584,852	15,269		600,121
	<u>1,074,865</u>	<u>41,030</u>		<u>1,115,895</u>
PETROLEUM AND GAS LEASES AND EQUIPMENT (Note A)	5,440,417	2,128,439	(c) \$ (42,522)	7,526,334
Accumulated depletion and depreciation	4,484,308	211,999		4,696,307
	<u>956,109</u>	<u>1,916,440</u>		<u>2,830,027</u>
OTHER	7,996	4,852		12,848
	<u>\$2,038,970</u>	<u>\$1,962,322</u>		<u>\$3,958,770</u>

Liabilities

CURRENT LIABILITIES	\$ 333,876	\$ 582,955		\$ 916,831
MINORITY INTEREST	—	10,604		10,604
LONG TERM DEBT — Due to bank —	186,666	—		186,666
— Notes payable —	187,500	154,784		342,284
	374,166	154,784		528,950

Shareholders' Equity

CAPITAL STOCK

Okalta Oils, Limited				
1,000,000 (pro-forma —1,791,525)				
common shares	3,613,421	—	(a) 1,171,457	4,784,878
Marwood Petroleum Ltd.				
1,130,750 common shares	—	187,013	(b) (187,013)	
CONTRIBUTED SURPLUS	768,152	—		768,152
EARNED SURPLUS (DEFICIT)	(3,050,645)	1,026,966	(b) (1,026,966)	(3,050,645)
	1,330,928	1,213,979		2,502,385
	\$2,038,970	\$1,962,322		\$3,958,770

NOTE A

Petroleum and natural gas leases and equipment as at March 31, 1970 are carried at cost in Okalta's balance sheet, and for the purpose of this pro-forma combined balance sheet at estimated fair value in Marwood's balance sheet.

NOTE B

Pro-forma adjustments are as follows:

- (a) To record 791,525 "new" shares of Okalta common stock issued on proposed acquisition of Marwood (after consolidation of Okalta's "old" common shares on a one-for-seven basis).
- (b) To eliminate shareholders' equity accounts of Marwood.
- (c) To adjust asset accounts for purchase discrepancy.

EXHIBIT "L"

THIS AGREEMENT made and entered into this 25th day of February, A.D. 1970.

BETWEEN:

TRANSAITA OIL & GAS LTD., a body corporate
with Head Office at the City of Calgary, in the Province
of Alberta, (hereinafter called "Transalta")

OF THE FIRST PART

— and —

MARWOOD PETROLEUM LTD., a body corporate,
with an office at the City of Calgary, in the Province
of Alberta, (hereinafter called "Marwood")

OF THE SECOND PART

WHEREAS Transalta is the holder of certain Permits issued pursuant to the Canada Oil and Gas Land Regulations which are more particularly described in Schedule "A" attached hereto and by this reference made a part hereof; and

WHEREAS Transalta is the holder of certain Licenses granted under the Petroleum and Natural Gas Act of the Province of Nova Scotia which are more particularly described in Schedule "B" attached hereto and by this reference made a part hereof; and

WHEREAS Transalta has agreed to assign to Marwood 20 percent of its interest in and to the Permits and the Licenses, subject to a gross overriding royalty as hereinafter provided and further subject to the conditions hereinafter set forth in this Agreement; and

WHEREAS a dispute exists between the Government of Canada and the Government of the Province of Nova Scotia as the ownership of the mineral rights underlying the said lands and the right to grant Permits or Licenses covering the said lands; and

WHEREAS it was agreed between the parties hereto that Transalta should assign to Marwood the said 20 percent interest subject to the gross overriding royalty as hereinafter provided, regardless of the outcome of the dispute as to the right to grant Permits or Licenses whichever eventually grants the rights to explore the said lands; and that Transalta should have certain other rights with respect to the Permits and the Licenses and the said lands:

NOW THEREFORE THIS AGREEMENT WITNESSETH that the parties hereto agree as follows:

1. In this Agreement, unless the context otherwise requires:
 - (a) "Permits" means the exploratory Permits set forth and described in Schedule "A" hereto and any leases issued therefrom insofar only as the Permits and any leases issued therefrom comprise the said lands;
 - (b) "Licenses" means the Licenses or any portion or portions thereof set forth and described in Schedule "B" hereto and any leases issued therefrom insofar only as the Licenses and the leases issued therefrom comprise the said lands;
 - (c) "the said lands" means the lands described in either Schedule "A" or Schedule "B" hereto, or so much of the lands as shall from time to time be comprised in and held subject to either the Permits or the Licenses or leases issued therefrom;
 - (d) "leased substances" means the substances which the Permittee, Licensee or lessee under the Permits, Licenses or leases issued therefrom has the right to capture, win, take, recover and sell or consume.
2. (a) Transalta does hereby, subject to the terms and conditions contained in this Agreement, grant, transfer, assign and convey unto Marwood, effective as of the date of this Agreement, an undivided 20 percent of all Transalta's right, title and interest in and to the Permits, the Licenses and the said lands and the leased substances which may be produced therefrom and in every extension or renewal thereof and in

all benefit and advantage to be derived therefrom and Transalta shall hold the said interest in trust for Marwood for so long as Marwood or its permitted assigns are entitled to the said interest or until Marwood requests Transalta to deliver Transfers of the interest in registerable form.

(b) Transalta hereby covenants and agrees with Marwood that the Permits, the Licenses and the said lands and each of them are free and clear of encumbrances, liens or charges and that Transalta has not entered into any agreement respecting or relating thereto whereby any person, firm or corporation, other than Marwood has acquired or may acquire an interest therein and that it now has in it good right, full power and absolute authority to make the within assignment for the purposes and in the manner aforesaid; provided that nothing herein, express or implied, shall operate or have effect as any warranty or guaranty of title or covenant for title on the part of Transalta.

(c) Subject to the performance by Marwood of the covenants and conditions contained in the Permits and Licenses and any leases selected therefrom, insofar as they relate to the interest herein transferred, assigned and conveyed, and subject to the gross overriding royalty hereinafter reserved to Transalta, and the other provisions in this Agreement contained, Marwood shall hold and enjoy the said interest for the residue of the terms of the said Permits, Licenses and leases granted and every extension or renewal thereof for its own use and benefit without any interruption by Transalta or any person whatsoever claiming by, through or under Transalta. Marwood for its part covenants with Transalta that it will be bound by, observe and perform the covenants and agreements in the Permits, Licenses and leases reserved and contained insofar as they relate to the said interest, and will indemnify and save harmless Transalta from and against the same.

(d) The assignment to Marwood of the 20 percent undivided interest as in Clause 2(a) provided shall be effective only if Marwood delivers to Transalta on or before April 10, 1970 the promissory notes or other form of deposit provided for in Clause 3(b) of this Agreement. Transalta shall deliver the promissory notes or other form of deposit, together with Transfers of the undivided 20 percent undivided interests in the Permits and the Licenses, to the appropriate Federal and Provincial Governmental Agencies and shall arrange to have the promissory notes referred to in clause 3(a) hereof returned and replaced by the promissory notes or other form of deposit to be delivered by Marwood pursuant to the provisions of this paragraph (d). If Marwood has not delivered to Transalta the promissory notes or other forms of deposit on or before April 10, 1970, the assignment to Marwood under Clause 2(a) hereof shall be null and void and Marwood shall have no further interest whatsoever in this Agreement or in the Permits and Licenses.

3. (a) Marwood hereby acknowledges that Transalta has deposited with the appropriate Federal and Provincial Government Agencies certain promissory notes in connection with the Permits and Licenses as required under the regulations.

(b) Marwood covenants and agrees that, as soon as possible after the effective date of this Agreement and prior to April 10, 1970, it shall deliver to Transalta for deposit with the appropriate Federal and Provincial Government Agencies the money, bonds or approved promissory notes of a value equal to the deposits:

- (i) which have been made by Transalta for the first 36 months period of the original terms of all of the Permits, and
- (ii) which have been made by Transalta in respect of all of the Licenses, and
- (iii) which will be required for the second 36 months period (commencing October 26, 1970) of the original terms of the Permits Nos. W-3379 to W-3390, inclusive, prescribed in Schedule "A" hereto;

and Marwood shall do and perform all such further acts and execute all such further documents and give such further assurances as may be required by the appropriate Federal and Provincial Government agencies in order for Transalta to recover all of the aforesaid promissory notes deposited by it in connection with the Permits and Licenses.

(c) Marwood further covenants and agrees that it shall be responsible for and make the deposits required for the second 36 months period of the original terms of the Permits Nos. W-4506 to W-5683, inclusive, (comprised in Groups A, B, C and D as set out in Schedule "A" hereto) at the times and in the manner required by the regulations; provided that at any time and from time to time Marwood elect not to make deposits as they become due in which event it shall notify Transalta in writing of its election at least 60 days before any of the remaining deposits must be made and Marwood shall, upon communicating notice of its election to Transalta, have no further right, title or interest in the Group or Groups of Permits on which deposits remain to be made. Marwood shall, as soon as possible after the effective date and prior to April 10, 1970 deliver in trust to Transalta's solicitors four Transfers, in registerable form, for each Group of Permits Nos. W-4506 to W-5683, inclusive, as set forth in Schedule "A" hereto.

(d) Transfers shall name Transalta as the transferee of an undivided 20 percent interest in the Permits to which the Transfer relates and shall be executed by Marwood. Transalta shall instruct its solicitors to hold each Transfer in trust until Marwood makes the deposit related to the Permits comprised in a Transfer, in which event the Transfer shall forthwith be returned unused to Marwood, or until Marwood elects not to make the deposit related to the Permits comprised in a Group or Groups, in which event Transalta may register with the appropriate government authorities the Transfer or Transfers comprising the remaining Group or Groups of Permits.

4. (a) Marwood shall elect on or before November 1, 1970 by written notice to Transalta whether to apply for a renewal of all or any of the Licenses. If Marwood elects to make such application it shall do so in accordance with the applicable regulations and Marwood shall be solely responsible for the renewal fees and rentals related to the renewal period and shall make the deposits required. The Licenses renewed shall thereafter be owned by the parties hereto in the following undivided proportions of interest:

Transalta — 80 percent

Marwood — 20 percent

and Marwood's 20 percent undivided interest shall continue to be subject to the 3 percent gross overriding royalty hereinafter reserved to Transalta.

(b) If Marwood elects not to apply for a renewal of the Licenses beyond December 1, 1970 as provided in paragraph (a) of this Clause, Marwood shall be conclusively deemed to have no further interest in any of the Licenses which may be renewed upon the application of Transalta and in the event Transalta makes such application Transalta shall be solely responsible for the costs and expenses of the renewal and all other costs and obligations connected with the Licenses so renewed.

5. The parties expressly agree that there is reserved to and retained by Transalta an interest in the Permits and the Licenses in the form of a gross overriding royalty (hereinafter called the "said royalty") of 3 percent of that portion of any and all of the leased substances produced from the said lands which is attributable or allocable to the undivided 20 percent interest assigned to Marwood hereunder.

It is further expressly agreed that the said royalty reserved to and retained by Transalta:

- (i) is attached to and forms a part of the Permits and the Licenses, any renewal or renewals thereof by both parties hereto, any lease or leases issued therefrom and any new grants acquired in place of the Permits or Licenses;
- (ii) is free and clear of any and all deductions of any kind or nature whatsoever except as herein otherwise set forth;
- (iii) is free and clear of any and all costs of any kind or nature whatsoever incurred by Marwood in maintaining the Permits and the Licenses in good standing, renewing or extending the Permits and the Licenses, exploring for, drilling, producing and disposing of the leased substances, paying royalties to the Lessor, operating wells on the said lands.

The said royalty payable under the provisions of this clause shall be payable on the 25th day of each month in respect to leased substances produced, saved and marketed in the previous month, and each payment thereof shall be accompanied by a statement of the leased substances produced, saved and marketed or used as herein provided during the month for which such payment is made.

6. Any sale of the leased substances by Marwood shall include the royalty share of Transalta and the amount paid to Transalta in respect to such sale shall not be less than the amount which Marwood at the same time received for the sale of the same amount of the leased substances from its share thereof. All sales shall be at the prevailing price for the area for products of a similar kind and quality provided that whenever there is not a well-head price Marwood may deduct from sums payable to Transalta its proportionate share of the costs of transporting to the point at which the price applies.

Provided always that Transalta shall have the option, on thirty (30) days' written notice to Marwood, to take such royalty in kind in lieu of the said cash royalty and may on like notice revoke such option. Transalta may not exercise its said option more often than once in any six (6) months' period. If Transalta elects to receive such gross overriding royalty in kind, it will provide, at its sole risk, cost and expense, production tanks for not less than 10 days' accumulation of such royalty and Marwood will deliver the same to Transalta at such tank outlets in accordance with usual and customary pipe line and shipping practices. The parties hereto may commingle the leased substances as, when and after they are produced.

7. Notwithstanding anything elsewhere herein contained, the gross overriding royalty herein reserved to and retained by Transalta shall bear, and Marwood may deduct from the sum payable each month to Transalta hereunder:

- (a) Transalta's 3 percent share of the costs, charges and expenses for that month of transporting the leased substances and of processing and treating the leased substances to make the marketable;

OR

- (b) 18 percent of the sale value, at the point of delivery to the purchaser, of Transalta's share of the leased substances for that month;

whichever is the lesser sum.

8. Nothing contained in this Agreement shall be construed as requiring Marwood to drill a well or wells on the said lands.

9. Transalta shall promptly satisfy all taxes, rates and assessments that may be assessed or levied, directly or indirectly, against it by reason of its rights or interest under this Agreement, and in the event of its failure so to do, Marwood may make any such required payments and reimburse itself out of any monies then due or thereafter becoming due to Transalta under this Agreement.

10. (a) Either party hereto shall have the right at any time and from time to time to surrender its interest in the Permits, the Licenses, or any lease or leases issued therefrom, or any part or parts thereof, by giving to the other party hereto at least 60 days prior to the due date of any rental or other payment due to the appropriate governmental authority, notice in writing of its intention to surrender, specifying in the case of partial surrender, the lands intended to be surrendered.

(b) Unless the party receiving the notice shall, within 45 days of the giving of the notice aforesaid, give notice in writing to the surrendering party requiring an assignment to it of the part or parts referred to in such notice, the surrendering party shall be entitled to surrender such part or parts to the appropriate governmental authority, and upon surrendering such part or parts, all the surrendering party's obligations under this Agreement with respect to the lands surrendered shall cease and be at an end. If the party receiving the notice shall, within such 45 days, give notice in writing to the surrendering party requiring an assignment as aforesaid, the surrendering party shall forthwith deliver to the other party a proper assignment of the part or parts to be surrendered, and the surrendering party shall thereafter be under no liability under this Agreement whatsoever in connection with such part or parts. If Marwood is the surrendering party its obligation to pay the said royalty on the surrendered lands shall terminate but its obligation shall continue in respect of the lands not surrendered by Marwood.

11. If the Government's interest (either Federal or Provincial) in any of the leased substances in respect of which the said royalty is herein provided for shall prove to be less than the entire and undivided fee simple estate therein, then the said royalty herein provided for shall be paid to Transalta only in the proportion which the Government's interest bears to the whole and undivided fee.

12. Either party may assign any or all of its interest under this Agreement and in the Permits and the Licenses, provided that such party shall, notwithstanding such assignment, continue to be bound by, and be under the obligation to observe and perform, all of the terms and provisions of this Agreement to the same extent and degree as if there had been no assignment, until such time as the other party hereto shall have been served with a copy of the assignment and a written and enforceable undertaking which is executed by the assignee to perform and be bound by all of the terms and provisions of this Agreement to the same extent and degree with respect to that which has been assigned as it would have been if it had been a party to this Agreement in the place and stead of the party hereto which assigned such interest and thereafter the assigning party shall be released and discharged from all obligations thereafter accruing with respect to the assigned rights, but it shall continue to be liable for any obligation or liability which ought to have been performed or may have accrued prior to the effective date of the assignment.

13. Transalta may convey or assign all or any part of its right and interest as herein set forth including its said royalty, but Marwood shall not become liable to make payments in respect of the said royalty to more than one person, firm or corporation.

14. Marwood shall be entitled to use any of the leased substances produced from the said lands for any of its drilling operations conducted thereon, without payment to Transalta of any sums in respect of the said royalty in respect thereof.

15. Marwood shall maintain complete and accurate records of the leased substances produced, saved and marketed from the said lands and of the monies received therefrom and shall furnish to Transalta with each payment in respect of the said royalty, a true and accurate statement giving sufficient detail for Transalta to verify the correctness of the payment in respect of the said royalty made therewith.

16. Time shall be of the essence of this Agreement.

17. Any notice required to be given, or payment required to be made, under the terms of this Agreement may be given or made by prepaid registered mail posted in the City of Calgary and addressed as follows:

Transalta Oil & Gas Ltd.,
5th Floor, 736 - 8th Avenue S.W.,
Calgary 2, Alberta.

Marwood Petroleum Ltd.,
11th Floor, 727 - 7th Avenue S.W.,
Calgary 2, Alberta.

Any notices given as aforesaid shall be deemed to be given and received by the addressee seventy-two (72) hours after the mailing thereof. Either party hereto may change its address for the purposes aforesaid by proper notice in writing to the other party.

18. This Agreement shall enure to the benefit of and be binding upon the successors and assigns of the Assignor and the Assignee.

19. Each party hereto shall do and perform all such acts and things and execute and deliver such instruments, documents, and writings, and give all such assurances as may be necessary to give effect to all the provisions of this Agreement.

20. This Agreement shall be effective from and after the date first above written.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

TRANSALTA OIL & GAS LTD.

"S. SCHIFF",
President.

(SEAL)

MARWOOD PETROLEUM LTD.

"DALLAS E. HAWKINS II",
President.

(SEAL)

THIS IS SCHEDULE "A"

Attached to and forming part of that certain Agreement in Writing, dated the 25th day of February, A.D. 1970 by and between **TRANSALTA OIL & GAS LTD.**, of the First Part, and **MARWOOD PETROLEUM LTD.** of the Second Part.

PERMIT NO.	DESCRIPTION	ACRES	TERM	DATE
W-3379	Whole 43° 40' N - 66° 45' W	92,393	6 years	Oct. 26/67
W-3380	Whole 43° 30' N - 66° 45' W	92,644	6 years	Oct. 26/67
W-3381	Whole 43° 40' N - 67° 00' W	92,393	6 years	Oct. 26/67
W-3382	Whole 43° 30' N - 67° 00' W	92,644	6 years	Oct. 26/67
W-3383	E½ 43° 40' N - 67° 15' W	46,196	6 years	Oct. 26/67
W-3384	Whole 43° 30' N - 67° 15' W	92,644	6 years	Oct. 26/67
W-3385	Whole 43° 20' N - 66° 30' W	92,895	6 years	Oct. 26/67
W-3386	Whole 43° 10' N - 66° 30' W	93,146	6 years	Oct. 26/67
W-3387	Whole 43° 10' N - 66° 15' W	93,146	6 years	Oct. 26/67
W-3388	W½ 43° 00' N - 66° 30' W	46,698	6 years	Oct. 26/67
W-3389	W½ 42° 50' N - 66° 30' W	46,822	6 years	Oct. 26/67
W-3390	Whole 42° 50' N - 66° 45' W	93,644	6 years	Oct. 26/67
GROUP A				
W-4506	Whole 43° 30' N - 66° 30' W	92,644	6 years	Oct. 23/68
W-4507	Whole 43° 40' N - 66° 30' W	92,393	6 years	Oct. 23/68
W-4508	Whole 43° 50' N - 66° 30' W	92,141	6 years	Oct. 23/68
W-4509	Whole 44° 00' N - 66° 30' W	91,888	6 years	Oct. 23/68
W-4510	Whole 44° 10' N - 66° 30' W	91,633	6 years	Oct. 23/68
W-4511	Whole 43° 50' N - 66° 45' W	92,141	6 years	Oct. 23/68
W-4512	Whole 44° 00' N - 66° 45' W	91,888	6 years	Oct. 23/68
W-4513	Whole 44° 10' N - 66° 45' W	91,633	6 years	Oct. 23/68
W-4514	Whole 43° 50' N - 67° 00' W	92,141	6 years	Oct. 23/68
W-4515	Whole 44° 00' N - 67° 00' W	91,888	6 years	Oct. 23/68
W-4516	Whole 44° 10' N - 67° 00' W	91,633	6 years	Oct. 23/68
W-4517	E½ 44° 10' N - 67° 15' W	45,816	6 years	Oct. 23/68
GROUP B				
W-4604	S½ 44° 10' N - 63° 00' W	45,848	6 years	Nov. 21/68
W-4605	S½ 44° 10' N - 63° 15' W	45,848	6 years	Nov. 21/68
W-4606	Whole 44° 00' N - 63° 15' W	91,888	6 years	Nov. 21/68
W-4607	S½ 44° 00' N - 63° 30' W	45,976	6 years	Nov. 21/68
W-4608	Whole 43° 50' N - 63° 30' W	92,141	6 years	Nov. 21/68
W-4609	S½ 43° 50' N - 63° 45' W	46,102	6 years	Nov. 21/68
W-4610	S½ 43° 50' N - 64° 00' W	46,102	6 years	Nov. 21/68
W-4611	S½ 43° 50' N - 64° 15' W	46,102	6 years	Nov. 21/68
GROUP C				
W-5043	S½ 43° 20' - 66° 00' W	46,479	6 years	Jan. 9/69
W-5044	Whole 43° 20' - 66° 15' W	92,895	6 years	Jan. 9/69
GROUP D				
W-5676	Whole 43° 20' - 65° 30' W	92,895	6 years	Feb. 18/69
W-5677	Whole 43° 20' - 65° 45' W	92,895	6 years	Feb. 18/69
W-5678	N½ 43° 20' - 66° 00' W	46,416	6 years	Feb. 18/69
W-5679	Pt. 43° 30' - 66° 00' W	83,000	6 years	Feb. 18/69
W-5680	Whole 43° 30' - 66° 15' W	92,644	6 years	Feb. 18/69
W-5681	W½ 43° 40' - 66° 15' W	46,196	6 years	Feb. 18/69
W-5682	W½ 43° 50' - 66° 15' W	46,070	6 years	Feb. 18/69
W-5683	W½ 44° 00' - 66° 15' W	45,944	6 years	Feb. 18/69

THIS IS SCHEDULE "B"

Attached to and forming part of that certain Agreement
in Writing, dated the 25th day of February, A.D. 1970
by and between **TRANSALTA OIL & GAS LTD.**, of
the First Part, and **MARWOOD PETROLEUM LTD.**
of the Second Part.

RESERVATIONS	REFERENCE MAP	TERM	DATE
License Number 232			
T W	20 J 10 D	3 years	Dec. 1/67
S T W	20 J 15 A	3 years	Dec. 1/67
S T W	20 J 15 D	3 years	Dec. 1/67
R S T U V W	20 O 1 B	3 years	Dec. 1/67
R S	20 O 1 C	3 years	Dec. 1/67
R S T U V W	20 O 2 A	3 years	Dec. 1/67
R S	20 O 2 D	3 years	Dec. 1/67
Portion of License Number 230			
T U V W	20 J 10 C	3 years	Dec. 1/67
R S T U	20 J 15 B	3 years	Dec. 1/67
Portion of License Number 233			
V W	20 O 6 B	3 years	Dec. 1/67
R S T U V W	20 O 6 C	3 years	Dec. 1/67
License Number 234			
T U V W	20 O 2 D	3 years	Dec. 1/67
V W	20 O 6 A	3 years	Dec. 1/67
R S T U V W	20 O 6 D	3 years	Dec. 1/67
R S T U	20 O 7 A	3 years	Dec. 1/67
V W	20 O 7 B	3 years	Dec. 1/67
R S T U V W	20 O 7 C	3 years	Dec. 1/67
License Number 235			
R S T U V W	20 O 10 B	3 years	Dec. 1/67
R S	20 O 10 C	3 years	Dec. 1/67
R S T U V W	20 O 11 A	3 years	Dec. 1/67
R U V	20 O 11 B	3 years	Dec. 1/67
R	20 O 11 C	3 years	Dec. 1/67
R S	20 O 11 D	3 years	Dec. 1/67

EXHIBIT "M"
OKALTA OILS, LIMITED

BY-LAW No. 25

Being a By-law initially consolidating shares in the capital of the Company and then increasing the authorized capital of the Company and authorizing an Application for Supplementary Letters Patent.

WHEREAS the capital stock of the Company presently consists of Seven Million (7,000,000) shares without nominal or par value, provided, however, that the aggregate consideration for the issue of the said 7,000,000 shares without nominal or par value shall not exceed in amount or value the sum of Six Million, Three hundred Thousand (\$6,300,000.00) Dollars or such greater amount as the Board of Directors of the Company may deem expedient and as may be authorized by the Minister of Consumer and Corporate Affairs on payment of the requisite fees applicable to such greater amount, all of such 7,000,000 shares of the Company presently being issued and outstanding as fully paid; and

WHEREAS it is deemed to be in the interest of the Company to obtain Supplementary Letters Patent confirming this By-Law consolidating the shares of the Company as herein provided; and

WHEREAS it is also deemed necessary and expedient in the interest of the Company that Supplementary Letters Patent be issued, confirming this By-Law increasing the authorized capital of the Company as herein provided;

NOW THEREFORE BE IT ENACTED as By-Law No. 25 of Okalta Oils, Limited (herein called "the Company") that:

1. Subject to the confirmation by Supplementary Letters Patent the 7,000,000 common no par value shares of the Company which are presently issued and outstanding be consolidated into One Million (1,000,000) issued and outstanding shares provided that where such procedure results in leaving a fraction of a share in the name of any shareholder, such shareholder shall not be entitled to such fractional share or a fractional share certificate but shall be paid therefor in cash for such fractional share (based on the value of Two Dollars and Ten Cents (\$2.10) per share). The Company shall deposit such purchase monies with the Canada Trust Company, 528 - 8th Avenue S.W., Calgary, Alberta, which company is the Registrar and Transfer Agent of the Company and upon such fractional shares being tendered the Registrar and Transfer Agent of the Company shall purchase such fractional shares for and on behalf of the Company, subject to the provisions of Section 48 of The Canada Corporations Act.
2. The Registrar and Transfer Agent shall receive such fractional shares so tendered and when same constitute whole shares, the share certificate for a whole share shall be issued in respect thereof for and on behalf of the Company, subject always to Section 48 of The Canada Corporations Act.
3. Subject to confirmation by Supplementary Letters Patent the authorized capital stock of the Company be increased from 1,000,000 shares without par value to Five Million (5,000,000) shares without par value by the creation of Four Million (4,000,000) additional shares without par value ranking pari passu in all respects with the existing 1,000,000 shares of the capital of the Company, provided however, that the aggregate consideration for the issue of the said 5,000,000 shares without par value shall not exceed in amount or value the sum of \$9,000,000.00, being an increase from the former maximum aggregate consideration of \$6,300,000.00; or such greater amount as the Board of Directors of the Company deem expedient and as may be authorized by the Minister of Consumer and Corporate Affairs on payment of the requisite fees applicable to such greater amount.
4. The Company be and is hereby authorized to make application to the Minister of Consumer and Corporate Affairs for Supplementary Letters Patent confirming this By-Law.
5. The directors and officers be and they are hereby authorized and directed to do, sign and execute all things, deeds and documents necessary or desirable for the due carrying out of the foregoing.

ENACTED this 21st day of April, 1970.

WITNESS the corporate seal of the Company.

"Dallas E. Hawkins II"
President

"B. G. McCombe"
Secretary

(seal)

EXHIBIT "N"

BY-LAW AUTHORIZING BORROWING AND PLEDGING

OKALTA OILS, LIMITED

Incorporated Under The Canada Companies Act

BE IT AND IT IS HEREBY ENACTED as a By-law of the Company as follows:

BY-LAW No. 26

1. That the Directors of the Company may from time to time:
 - (a) borrow money upon the credit of the Company by obtaining loans or advances or by way of overdraft or otherwise;
 - (b) issue, sell or pledge securities of the Company including bonds, debentures, debenture stock for such sums on such terms and at such prices as they may deem expedient;
 - (c) assign, transfer, convey, hypothecate, mortgage, pledge, charge or give security in any manner upon all or any of the real or personal, moveable or immoveable property, rights, powers, choses in action, or other assets, present or future, of the Company to secure any such securities or other securities of the Company or any money borrowed or to be borrowed or any obligations or liabilities as aforesaid or otherwise of the Company heretofore, now or hereafter made or incurred directly or indirectly or otherwise; and
 - (d) without in any way limiting the powers herein conferred upon the Directors, give security or promises to give security, agreements, documents and instruments in any manner or form under the Bank Act or otherwise to secure any money borrowed or to be borrowed or any obligations or liabilities as aforesaid or otherwise of the Company heretofore, now or hereafter made or incurred directly or indirectly or otherwise.
2. That any or all of the foregoing powers may from time to time be delegated by the Directors to any one or more of the directors or officers of the Company.
3. That this By-law shall remain in force and be binding upon the Company as regards any person acting on the faith thereof until such person has received written notification from the Company that this By-law has been repealed or replaced.

ENACTED this 21st day of April, 1970.

WITNESS the corporate seal of the Company.

"DALLAS E. HAWKINS II"
President

"B. G. McCOMBE"
Secretary

(SEAL)

EXHIBIT "O"

BY-LAW No. 27

A by-law changing the corporate name and authorizing application for the issue of Supplementary Letters Patent to confirm the same.

BE IT ENACTED AN IT IS HEREBY ENACTED as By-Law No. 27 of OKATA OILS, LIMITED (herein called "the Company")

1. That, subject to confirmation by Supplementary Letters Patent, the name of the Company is hereby changed to Oakwood Petroleums Ltd.
2. That the Company be and is hereby authorized to make application to the Minister of Consumer and Corporate Affairs for the issue of Supplementary Letters Patent confirming this by-law insofar as it relates to changing the name of the Company to Oakwood Petroleums Ltd.
3. That the directors and officers are hereby authorized and directed to do, sign and execute all things, deeds and documents necessary or desirable for the due carrying out of the foregoing.

ENACTED this 28th day of April, 1970.

WITNESS the corporate seal of the Company.

"Dallas E. Hawkins II"
President

"B. G. McCombe"
Secretary

(SEAL)

SCHEDULE "B"

Name and Address of Marwood Shareholders	No. of Shares of Marwood to be Purchased by the Company	% of Shares of Marwood	No. of New Shares of the Company to be Issued in Exchange for the Shares of Marwood	No. of Shares of the Company Distributed to the Marwood Shareholders, as Subsequently Consolidated	Total No. of New Shares of the Company to be Owned After the Completion of the Share Purchase Agreement
Dallas E. Hawkins II 904 Elizabeth Road, S.W., Calgary, Alta.	187,500	16.58	131,250	78,135	209,385
Coronado Consultants Ltd., 1180 Guinness House, Calgary, Alta.	375,375	33.20	262,762	156,427	419,189
Jack Wahl, 1219 Belavista Cres. S.W., Calgary, Alta.	187,875	16.62	131,513	78,292	209,805
A. Hoadley Mitchell, 13814 Ravine Drive, Edmonton 40.	70,000	6.19	49,000	29,170	78,170
Lawton L. Clark, 901 Bank of the Southwest Bldg., Amarillo, Texas, 79109; U. S. A.	50,000	4.42	35,000	20,836	55,836
Brian G. McCombe, 9823 Palistone Road S.W., Calgary, Alta.	*50,000	4.42	35,000	20,836	55,836
Edward A. Galvin, 4103 Crestview Road S.W., Calgary.	25,000	2.21	17,500	10,418	27,918
Edward G. Battle, 6925 Legare Drive, S.W., Calgary.	25,000	2.21	17,500	10,418	27,918
Edward G. McMullan 156 Eagle Ridge Drive S.W., Calgary.	50,000	4.42	35,000	20,836	55,836
Mustafa Aydin, 2210 Hope St. S.W., Calgary, Alta.	10,000	.89	7,000	4,168	11,168
Canadian Gas & Energy Fund Ltd. 7th Floor, 600-6th Ave. S.W. Calgary.	100,000	8.84	70,000	41,672	111,672
	<u>1,130,750</u>	<u>100.00%</u>	<u>791,525</u>	<u>471,208</u>	<u>1,262,733</u>

* 18,000 of which are held beneficially.

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	See Schedule "B" on page 3.
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Dallas E. Hawkins II, Coronado Consultants Ltd., Jack Wahl, A. Hoadley Mitchell, and Canadian Gas & Energy Fund Ltd. will each receive more than 5% of the new shares of the Company to be issued in exchange for their respective shares of Marwood. Canadian Security Management Ltd. holds all of the common shares of Canadian Gas & Energy Fund Ltd.
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<p>Marwood Petroleums Ltd., 3,297,859 1180 Guinness House, Calgary, Alberta.</p> <p>Kains and Company, 257,267 c/o Bank of Montreal, Corner of Drummond and St. Catherine, Montreal, Quebec.</p> <p>Doherty Roadhouse and McCuaig Bros., 200,085 335 Bay Street, Toronto, Ontario.</p> <p>Wood Gundy Securities Ltd., 81,810 P.O. Box 274, Royal Trust Tower, Toronto 111, Ontario.</p> <p>Roycan and Company, 77,989 c/o Royal Bank of Canada, P.O. Box 6007, Montreal, Quebec.</p> <p>The beneficial owners of the shares registered in the names of Kains and Company, Doherty Roadhouse and McCuaig Bros., Wood Gundy Securities Ltd. and Roycan and Company are unknown.</p> <p>Reference is made to Item 1(d) and to Item 11.</p>
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Dallas E. Hawkins II Coronado Consultants Ltd. Jack Wahl
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	Reference is made to the Information Circular appended hereto. There are no other material facts.

DATED April 24, 1970.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"D.E. HAWKINS"

"B.G. McCOMBE"

CORPORATE
SEAL

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)